

George R. Brock, William J. Smith, Charles C. Ingram, and Merrill S. Brown; to the Committee on Military Affairs.

By Mr. VOORHIS: A bill (H. R. 10805) for the relief of Edna Frances Muldoon; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5279. By Mr. BARRY: Resolution of the Jackson Heights Merchants' Association, Inc., protesting against any act by subversive forces, which tends to destroy American ideals of freedom of worship, freedom of speech, and freedom of action; to the Committee on the Judiciary.

5280. By the SPEAKER: Petition of the Board of Supervisors of the city and county of Honolulu, petitioning consideration of their Resolution No. 396 with No. 377 with reference to Works Progress Administration; to the Committee on the Territories.

5281. Also, petition of the New Orleans Association of Commerce, New Orleans, petitioning consideration of their resolution dated May 13, 1938, with reference to the feasibility of constructing a large auditorium in the city of Washington, D. C.; to the Committee on the District of Columbia.

5282. Also, petition of the Board of County Commissioners of St. Louis County, State of Minnesota, petitioning consideration of their resolution dated May 24, 1938, with reference to House bill 4199, known as the General Welfare Act; to the Committee on Ways and Means.

5283. Also, petition of the Board of Supervisors of the County of Riverside, State of California, petitioning consideration of their resolution dated May 23, 1938, with reference to House bill 4199, known as the General Welfare Act; to the Committee on Ways and Means.

5284. Also, petition of the County Board of Outagamie County, State of Wisconsin, petitioning consideration of their resolution dated May 6, 1938, with reference to House bill 4199, known as the General Welfare Act; to the Committee on Ways and Means.

5285. Also, petition of the Board of County Commissioners of Mason County, State of Washington, petitioning consideration of their resolution dated May 1937, with reference to House bill 4199, known as the General Welfare Act; to the Committee on Ways and Means.

5286. Also, petition of the Board of Supervisors of the County of Maui, Territory of Hawaii, petitioning consideration of their Resolution No. 116, dated May 16, 1938, with reference to House bill 4199, known as the General Welfare Act; to the Committee on Ways and Means.

5287. Also, petition of the Steinway Community Council, Public School No. 141, Steinway, Long Island City, N. Y., petitioning consideration of their resolution dated May 31, 1938, with reference to immigration and unemployment; to the Committee on Immigration and Naturalization.

5288. Also, petition of the Central Labor Council, West Bridgewater, Pa., petitioning consideration of their resolution dated May 31, 1938, with reference to wages and hours; to the Committee on Labor.

SENATE

THURSDAY, JUNE 2, 1938

(Legislative day of Wednesday, April 20, 1938)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, June 1, 1938, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson, Calif.	O'Mahoney
Andrews	Copeland	Johnson, Colo.	Overton
Ashurst	Davis	King	Pepper
Austin	Dieterich	La Follette	Pittman
Bailey	Donahay	Lee	Pope
Bankhead	Duffy	Lewis	Radcliffe
Barkley	Ellender	Lodge	Russell
Berry	Frazier	Logan	Schwartz
Bilbo	George	Loung	Schwellenbach
Bone	Gerry	Lundeen	Sheppard
Borah	Gibson	McAdoo	Shipstead
Brown, Mich.	Green	McCarran	Smathers
Brown, N. H.	Guffey	McGill	Smith
Bulkeley	Hale	McKellar	Thomas, Utah
Bulow	Harrison	McNary	Townsend
Burke	Hatch	Maloney	Truman
Byrd	Hayden	Miller	Tydings
Byrnes	Herring	Milton	Vandenberg
Capper	Hill	Minton	Van Nuys
Caraway	Hitchcock	Murray	Wagner
Chavez	Holt	Neely	Wheeler
Clark	Hughes	Norris	White

Mr. LEWIS. I announce that the Senator from Oregon [Mr. REAMES] is detained from the Senate because of illness.

The Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Oklahoma [Mr. THOMAS] are detained on important public business.

The Senator from Massachusetts [Mr. WALSH] is today delivering a commencement address at the Coast Guard Academy in New London, Conn.

I ask that this announcement stand of record for the day.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent on account of the death of his wife.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

INVESTIGATION OF SENATORIAL CAMPAIGN EXPENDITURES

The VICE PRESIDENT. The Chair appoints the Senator from Minnesota [Mr. SHIPSTEAD] a member of the Special Committee to Investigate Senatorial Campaign Expenditures for 1938, authorized by Senate Resolution 283 (agreed to May 27, 1938), in place of the Senator from Nebraska [Mr. NORRIS], resigned.

PETITIONS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Board of Commissioners of Mason County, Wash., favoring the prompt enactment of House bill 4199, the so-called General Welfare Act, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the American Bandmasters' Association, New York, N. Y., favoring the prompt enactment of the bill (H. R. 4947) to amend the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, and for other purposes, which was referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 4119) to authorize the Secretary of War to lend War Department equipment for use at the 1938 National Encampment of Veterans of Foreign Wars of the United States to be held in Columbus, Ohio, from August 21 to August 26, 1938, reported it without amendment and submitted a report (No. 1948) thereon.

He also, from the same committee, to which was referred the bill (S. 3916) for the relief of George Francis Burke, reported it with an amendment and submitted a report (No. 1961) thereon.

He also, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3707. A bill to authorize the acquisition of the bridge across the Mississippi River at Cape Girardeau, Mo., and the approaches thereto, by a single condemnation proceeding in either the District Court for the Eastern Judicial District of Missouri or the District Court for the Eastern Judicial Dis-

trict of Illinois, and providing the procedure for such proceeding (Rept. No. 1957);

S. 4007. A bill authorizing the county of Lawrence, Ky., to construct, maintain, and operate a free highway bridge across the Big Sandy River at or near Louisa, Ky. (Rept. No. 1959);

S. 4011. A bill to extend the time for completing the construction of a bridge across the Mississippi River at or near a point between Cherokee and Osage Streets, St. Louis, Mo. (Rept. No. 1960); and

H. R. 10275. A bill to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point and Dauphin Island, Ala. (Rept. No. 1956).

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 2844) relating to the disposition of certain funds held by the State of Mississippi on behalf of veterans of the Spanish-American War, reported it with an amendment and submitted a report (No. 1949) thereon.

Mr. LONERGAN, from the Committee on Finance, to which was referred the bill (H. R. 9848) to require that horses and mules belonging to the United States which have become unfit for service be destroyed or put to pasture, reported it without amendment and submitted a report (No. 1950) thereon.

Mr. BROWN of Michigan, from the Committee on Finance, to which was referred the bill (H. R. 9610) to amend the National Firearms Act, reported it with an amendment and submitted a report (No. 1951) thereon.

Mr. KING, from the Committee on Finance, to which was referred the bill (H. R. 10459) to amend certain provisions of law relative to the production of wines, brandy, and fruit spirits so as to remove therefrom certain unnecessary restrictions; to facilitate the collection of internal-revenue taxes thereupon; and to provide abatement of certain taxes upon wines, brandy, and fruit spirits where lost or evaporated while in the custody and under the control of the Government without any fault of the owner, reported it with an amendment and submitted a report (No. 1952) thereon.

Mr. COPELAND, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 4048. A bill to amend section 4197 of the Revised Statutes, as amended (46 U. S. C. 91), and section 4200 of the Revised Statutes (46 U. S. C. 92), and for other purposes (Rept. No. 1953);

H. R. 9557. A bill to authorize the Secretary of Commerce to dispose of material of the Bureau of Lighthouses to the Sea Scout department of the Boy Scouts of America (Rept. No. 1954); and

H. R. 9707. A bill to authorize the conveyance of the old lighthouse keeper's residence in Manitowoc, Wis., to the Otto Oas Post, No. 659, Veterans of Foreign Wars of the United States, Manitowoc, Wis. (Rept. No. 1955).

Mr. MILLER, from the Committee on Military Affairs, to which was referred the bill (S. 4096) to authorize the erection within the Canal Zone of a suitable memorial to the builders of the Panama Canal and others whose distinguished services merit recognition by the Congress, reported it without amendment and submitted a report (No. 1958) thereon.

Mr. OVERTON, from the Committee on the District of Columbia, to which was referred the bill (H. R. 9844) providing for the zoning of the District of Columbia and the regulation of the location, height, bulk, and uses of buildings and other structures and of the uses of land in the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 1962) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

LXXXIII—499

On May 27, 1938:

S. 1225. An act to provide for insanity proceedings in the District of Columbia.

On May 31, 1938:

S. 1307. An act for the relief of W. F. Lueders;

S. 3092. An act for the relief of the Georgia Marble Co.; and

S. 3522. An act authorizing the President to present the Distinguished Service Medal to Rear Admiral Reginald Vesey Holt, British Navy, and to Capt. George Eric Maxia O'Donnell, British Navy, and the Navy Cross to Vice Admiral Lewis Gonne Eyre Crabbe, British Navy, and to Lt. Comdr. Harry Douglas Barlow, British Navy.

On June 1, 1938:

S. 3843. An act to remove certain inequitable requirements for eligibility for detail as a member of the General Staff Corps.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LONERGAN:

A bill (S. 4128) to prevent the retroactive application of any Federal tax on employees of the States and their subdivisions; to the Committee on Finance.

By Mr. BULKLEY:

A bill (S. 4129) to authorize an appropriation for the purpose of establishing a national cemetery at Columbus, Ohio; to the Committee on Military Affairs.

By Mr. TRUMAN:

A bill (S. 4130) granting a pension to Buena Vista McGannon; to the Committee on Pensions.

By Mr. KING:

A bill (S. 4131) to amend section 3 of title IV of the District of Columbia Revenue Act of 1937, as amended; to the Committee on the District of Columbia.

By Mr. SHIPSTEAD:

A bill (S. 4132) limiting the hours of labor of certain officers and seamen on certain vessels navigating the Great Lakes and adjacent waters; to the Committee on Commerce.

By Mr. HAYDEN:

A bill (S. 4133) for the relief of the San Francisco Mountain Scenic Boulevard Co.; to the Committee on Agriculture and Forestry.

FEDERAL TAXATION OF INCOME OF EMPLOYEES OF STATES AND THEIR SUBDIVISIONS

Mr. LONERGAN. Mr. President, I desire to call attention of the Senate to a bill which I have introduced today to prevent the retroactive application of any Federal tax that may be assessed on the income of officers and employees of States and their subdivisions as a result of the recent Supreme Court decision in the case of Helvering against Gerhardt, which overruled the previously accepted doctrine with regard to immunity of such employees from taxation.

This bill is introduced at the request of Mr. Charles J. McLaughlin, attorney general of Connecticut, who has been in conference this week in Washington with legal representatives of 26 States, and with three officials of the Treasury Department who were designated to assist in preparing a draft of the measure.

Although the Supreme Court in the Helvering against Gerhardt case makes no comment on the situation in that decision, it would have the incidental effect of rendering hundreds of thousands of State and municipal employees immediately subject to the payment of full income taxes together with interest thereon for the years 1926 to date.

Until the promulgation of that decision, it had been the established and accepted rule, one that was recognized in the regulations of the Treasury Department prior to January 7, 1938, that officers and employees of the States and their political subdivisions, not engaged in the performance of a proprietary or private type of function, were immune from Federal income tax. Hundreds of thousands of public

employees have relied upon that rule, and in reliance upon it have never submitted a Federal return. If technically construed, the effect of this decision would be the financial ruin of these people, by assessing upon them, not only full income taxes from 1926 to date, but also interest charges that would practically double the face amount of those payments. Such an assessment would, of course, be demoralizing not only to the thousands of public employees affected, but also to the service of the public function in which they are engaged.

In this connection, it must be borne in mind that the employees of the Port of New York Authority are a comparatively small group of those immediately affected by the decision. The minority opinion of Justices Butler and McReynolds, as well as the concurring opinion of Mr. Justice Black, emphasized the point that the present decision makes evident its application to employees of such State and municipal agencies as the following, all of which have heretofore been accepted by the Treasury Department as immune and all of whom have relied on the decisions of the Board of Tax Appeals, the Circuit Court of Appeals, and the Supreme Court of the United States itself in prior decisions which are overruled by the present one: Department of parks; health and hospital departments; State boards of conservation and development; State agricultural boards; boards of water supply; departments of street cleaning and sanitation; bridge, highway, sewer, and irrigation departments, to name only a few of the ones most obviously affected. In addition, the decision makes it highly questionable whether teachers throughout the country are not also affected. The reasoning upon which the opinion is based may be interpreted to mean that all clerical and other workers in all departments of State and municipal governments will now, as a result of this decision, be faced with the necessity of paying all Federal taxes, including interest thereon, that could have been levied on their salaries from 1926 to the present time. To quote a report from the Scripps-Howard Washington office, which appeared in the World-Telegram under date of May 24, 1938:

It appears possible that the ancient principle of tax immunity has been whittled down to include only judges, executives, and lawmakers in State and local governments.

Justices Butler and McReynolds, dissenting in both cases, said the Port Authority case overruled a century of precedents and set up the doctrine that, although the Federal tax may increase cost of State government, it may be imposed if it does not curtail functions essential to their existence.

This view might bring up the question whether taxation of the salaries of school teachers, file clerks, and hundreds of thousands of other State and local government workers would "curtail essential functions."

The decision establishes the rule by which all of these employees are likely to be called upon hereafter to pay Federal income tax. But whether or not this interpretation of the decision is sound, the fear that it will be so interpreted and applied retroactively is spreading throughout the field of public employees and, in consequence, impairing the work of the States and municipalities.

The bill I have introduced is addressed only to the problem of immediately relieving this situation and to prevent the possibility of hardship and disaster that will indubitably be faced by hundreds of thousands of employees if retroactive application of the new rule is made. I have noted that retroactive effect would run back to 1926. This purpose conforms to the suggestion of President Roosevelt that legislation should be adopted to eliminate the immunity of the compensation of such employees and of the interest on Government bonds to be issued thereafter. The President indicates clearly the purpose to restrict the change of the rule to future situations.

Those of us in the Senate and the House who have been devoting special attention to the problem of taxing income of State employees and the income from tax-exempt securities have practically been unanimous in the thought that legally, and in fairness, we should not expect to make the tax retroactive. In my efforts of the past several years to

provide for the taxation of income from securities now exempt I have consistently urged that, if and when Congress acts on that question, it should provide for a tax on the income from future issues only. Of course, there is a legal question there with respect to the retroactive tax that may not exist with respect to retroactive taxation of State and municipal employees, but the hardship and unfairness would be greater in the case of the employees than in the case of holders of securities. If these important changes are to occur, by court decision or by constitutional amendment or by laws enacted by Congress, there will be enough adjustments to make without imposing unexpected burdens upon individuals or others.

Until now I have not given special attention to the taxing of income of officers and employees of States and municipalities, being fully occupied on what I regard as the more important, yet more complex, problem of taxing the income from future issues of securities now exempt.

After reading several recent decisions of the Supreme Court relating chiefly to taxation, I am convinced that, although we have a modification of the doctrine with respect to employees, there is no good reason to believe that the Supreme Court would uphold a tax on income from exempt securities issued by the States without a constitutional amendment. I intend to develop this point in a statement to the Senate at a later time, but at present it would appear that the Supreme Court is upholding a Federal tax only when it does not seriously interfere with an essential function of a State or its subdivisions. The reasoning of the Court has been that in certain cases, such as the employee of the Port of New York Authority involved in the *Helvering against Gerhardt* decision, there would be no serious effect upon the essential functions of the State if a Federal income tax were collected. While there is an unascertainable increase in the cost of operation where such employees are taxed, the Court seems to hold that the effect upon the State must be more definite and more serious to make the doctrine of exemption applicable.

This makes it clear that State employees, such as those of the judiciary, and any other branch vital to existence and welfare of the State, will still be exempted from a Federal tax, but it leaves us in doubt as to where to draw the line. Will the Court say that school teachers are engaged in an essential function of the State and should be exempt? No one knows; and it is very important at this time that the Treasury Department should consider carefully any tax policy laid down as a result of these decisions. In this connection I call attention of all Senators to a summary of these decisions, which were printed on page 2153 of the Appendix of the CONGRESSIONAL RECORD at the request of Hon. H. JERRY VOORHIS, Representative from California.

Inasmuch as the activities of a State are so vitally affected by its finances, and since the States and their subdivisions have done so much financing by issuance of exempt securities, I am not yet willing to agree that the Supreme Court would uphold a Federal law taxing the income from such securities except by constitutional amendment. Money borrowed by the State is as vital, and often more vital, than the taxes it collects to continue essential functions of the State. Very often such money is the very blood stream of State activity, and it would be difficult for the Supreme Court to uphold a tax on the income from such securities as not essential to the vital operation of the State. The way may have been opened to tax income from securities issued by or for the benefit of certain State agencies which may not be deemed to be essential in relation to their functions for the State. But these issues are only a small portion of the securities issues outstanding; and to clarify the whole problem we should, with respect to securities, propose a constitutional amendment which would empower the States to tax income from Federal issues and enable the Federal Government to levy a tax upon State issues. This would avoid any disparity in values of Federal and local securities which might in difficult times affect the ability of a State to borrow money at all.

But whatever we do on these important tax questions, I hope the Senate will insist that the taxes are applicable only to the present or future. Otherwise the tax would be ruinous even if the doctrine should be a fair one.

A copy of the bill introduced by me today is submitted herewith, as follows:

A bill (S. 4128) to prevent the retroactive application of any Federal tax on the income of employees of the States and their subdivisions

Be it enacted, etc., That no taxes, nor any interest or penalty in connection therewith, imposed by the Revenue Act of 1936 or prior revenue acts shall be assessed after May 23, 1938, in respect of amounts received as compensation for personal services as an officer or employee of any State or States or of any political subdivision thereof, or any instrumentality of one or more States or political subdivision thereof.

RELIEF AND WORK-RELIEF APPROPRIATIONS—AMENDMENT

Mr. McADOO submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, which was ordered to lie on the table and to be printed.

JOINT COMMITTEE ON FORESTRY—CHANGE OF REFERENCE

Mr. McADOO. Mr. President, on the calendar day April 14 I submitted Senate Concurrent Resolution 31, providing for the establishment of a joint congressional committee to be known as the Joint Committee on Forestry. The concurrent resolution was referred to the Committee on Public Lands and Surveys. A question has arisen as to whether or not the Committee on Agriculture and Forestry or the Committee on Public Lands and Surveys should have jurisdiction. It is a matter that ought to be settled, and I ask unanimous consent that the Committee on Public Lands and Surveys be discharged from the further consideration of the concurrent resolution, and that it be referred to the Committee on Agriculture and Forestry.

Mr. ADAMS. Mr. President, will the Senator yield for a second?

Mr. McADOO. I yield.

Mr. ADAMS. I think I may say that the concurrent resolution could properly go to either of the committees referred to. It has to do with public lands, over which the Committee on Public Lands and Surveys has jurisdiction, and it also deals with forestry, over which the Committee on Agriculture and Forestry has jurisdiction. It is entirely agreeable to me, as chairman of the Committee on Public Lands and Surveys, for the convenience of the Senator from California, to have that committee discharged from the further consideration of the concurrent resolution and to have it referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Is there objection to the request of the Senator from California that the Committee on Public Lands and Surveys be discharged from the further consideration of Senate Concurrent Resolution 31, to establish a Joint Committee on Forestry, and that it be referred to the Committee on Agriculture and Forestry? The Chair hears none, and the change of reference is made.

INVESTIGATION OF AGRICULTURAL COMMODITY PRICES—LIMIT OF EXPENDITURES

Mr. SMITH submitted the following resolution (S. Res. 288), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Agriculture and Forestry, authorized by Resolution No. 158, agreed to August 10, 1937, to conduct investigations and draft legislation to maintain both parity of prices paid to farmers for agricultural commodities marketed by them for domestic consumption and export, and parity of income for farmers marketing such commodities; and, without interfering with the maintenance of such parity prices, to provide an ever-normal granary for each major agricultural commodity; and to conserve national soil resources and prevent the wasteful use of soil fertility, hereby is authorized to expend from the contingent fund of the Senate \$698.13, in addition to the amount heretofore authorized for such purposes.

SPECIAL COMMITTEE TO INVESTIGATE UNEMPLOYMENT AND RELIEF—LIMIT OF EXPENDITURES

Mr. BYRNES submitted the following resolution (S. Res. 289), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the special committee appointed by the Vice President pursuant to Senate Resolution 36, agreed to June 10, 1937, to study, survey, and investigate the problems of unemployment and relief in the United States, hereby is authorized to expend from the contingent fund of the Senate \$5,000 in addition to the amounts heretofore authorized to be expended for such purposes.

AFFAIRS IN CENTRAL EUROPE—STATEMENT BY SECRETARY OF STATE

Mr. POPE. Mr. President, I ask unanimous consent to have inserted in the Record a statement by Hon. Cordell Hull, Secretary of State, on May 28, 1938, on a very important subject.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT BY THE SECRETARY OF STATE

MAY 28, 1938.

With reference to the critical situation involving countries in central Europe, I desire to say that the Government of the United States has been following recent developments with close and anxious attention.

Nearly 10 years ago the Government of the United States signed at Paris a treaty providing for the renunciation of war as an instrument of national policy. There are now parties to that treaty no less than 63 countries. In that treaty the contracting parties agree that "the settlement or solution of all disputes or conflicts of whatever nature or of whatever origin they may be, which may arise among them, shall never be sought except by pacific means." That pledge is no less binding now than when it was entered into. It is binding upon all of the parties.

We cannot shut our eyes to the fact that any outbreak of hostilities anywhere in the world injects into world affairs a factor of general disturbance, the ultimate consequence of which no man can foresee, and is liable to inflict upon all nations incalculable and permanent injuries.

The people of this country have in common with all nations a desire for stable and permanent conditions of peace, justice, and progress; and a most earnest desire that peace be maintained no matter where or in what circumstances there may be controversies between nations.

MEMORIAL DAY ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. POPE asked and obtained leave to have printed in the Record a radio address on the subject Foundation for Opportunity, delivered by Senator THOMAS of Utah at Washington, D. C., on May 30, 1938, which appears in the Appendix.]

POLITICS ON THE BENCH

[Mr. GUFFEY asked and obtained leave to have printed in the Record an editorial entitled "Politics on the Bench," from a recent issue of the Philadelphia Record, which appears in the Appendix.]

AMERICA'S FOREIGN RELATIONS

[Mr. SHIPSTEAD asked and obtained leave to have printed in the Record two editorials appearing in the Washington Herald-Times under date of Sunday, May 29, 1938, and Monday, May 30, 1938, respectively, entitled "Never Again" and "In Memory of a Big War," which appear in the Appendix.]

FEDERAL HOUSING—ADDRESS BY SENATOR WAGNER

[Mr. O'MAHONEY asked and obtained leave to have printed in the Record a radio address delivered this afternoon by Senator WAGNER on the subject of Federal Housing, which appears in the Appendix.]

BILL OF RIGHTS

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the Record an article from the New York Times of Tuesday, May 24, 1938, relative to the Bill of Rights of the American Constitution, which appears in the Appendix.]

THE FEDERAL TRADE COMMISSION

[Mr. TRUMAN asked and obtained leave to have printed in the Record a statement relating to the Federal Trade Commission, embodying a recapitulation of the Wheeler-Lea amendment to the Federal Trade Act, together with some of the orders of the Commission and their effect on the public welfare, and also some of the functions of the

Commission under the Clayton Act, which appear in the Appendix.]

WORK OF THE FEDERAL POWER COMMISSION

[Mr. HATCH asked and obtained leave to have printed in the RECORD a statement relative to the work of the Federal Power Commission, which appears in the Appendix.]

ADMINISTRATION OF NATIONAL LABOR RELATIONS ACT

Mr. MURRAY. Mr. President, last week, during the course of my remarks on the pending measure, I referred briefly to the National Labor Relations Act. I pointed out briefly that a sane, intelligent, and effective administration of the National Labor Relations Act would eventually remove from American industry the serious and costly conflicts which have been occurring between capital and labor.

Many progressive, farsighted leaders in business and industry are coming to recognize this self-evident truth. A number of them appeared before our Committee on Unemployment and Relief, and expressed the view that the fair and just administration of the National Labor Relations Act would have the effect I have mentioned. I think it is clearly dawning on the people of the country and upon the business and industrial interests that their welfare, and, I might say, the future of our American economic system, depends upon the ironing out of these conflicts; and that our American industrial system can be protected and saved only by benefiting and improving the condition of the workers, spreading employment and raising purchasing power, and not by any policy of exploitation of labor.

I have here a study of the National Labor Relations Board during the past year, showing the scope and effectiveness of the Board's work, and also calling attention to the decisions of the courts of the United States upholding the law.

I ask that this be incorporated in the RECORD in connection with and as a part of my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

The work of the National Labor Relations Board during the past year has been directed by changing developments in employer-employee relations in the Nation. The scope and effectiveness of the Board's work is clearly indicated by the number of workers affected by its activities, the wide extension of union agreements in industry, the decrease in time lost by workers on strike, and by growing acceptance of the principles embodied in the National Labor Relations Act.

During the past year, application of the act was upheld and extended by many decisions of the circuit courts of the United States and by the Supreme Court.

While it is true that for many years workers have had the theoretical "right" to organize and bargain collectively, it was in 1935, for the first time in our history, that a Federal agency was created solely to protect this long-recognized abstract right, in much the same way the Government sought to protect other groups, such as shippers and passengers, merchants and manufacturers, consumers, farmers, bank depositors, and home owners.

On April 12, 1937, almost 2 years after its passage, the National Labor Relations Act was declared constitutional by the United States Supreme Court, the third coordinate branch of the Government to approve it as an instrument of public policy. The Court's opinions in the five cases decided that day held that Congress has the power to intervene in labor relations in transportation, communication, and manufacturing industries which affect commerce, that the act does not violate the "due process clause" of the Constitution, and that the act's procedure provides adequate safeguard against arbitrary action.

The Court ruled on six other cases involving the act during the past year, sustaining the Board's position in all instances. In two it held that the Board could not be estopped from holding public hearings on complaints of unfair practices; in two others that the Board could order company-dominated unions disestablished, and in another that the act applied to a cannery, even though it secured its raw materials from within the State and shipped less than half its production over State lines. In the latest Board case (Mackay Radio, May 23) the Supreme Court held that strikers were still employees, and in reinstating them the employer could not discriminate against some because of union activity, and that the Board's procedure, although omitting an intermediate report, fully protected the interests of all parties.

The volume of work which has confronted the Board has been heavy. More than 14,000 cases have been handled since the fall of 1935, including charges of unfair labor practices and election petitions. More than 10,000 of these cases have been disposed of, more than 5,000 closed by agreement of both parties; about one-

fourth were withdrawn by the unions or individuals who began them, 16 percent dismissed by the Board, and only 5 percent closed in some other way, including Board decision, certification or other ruling. In only one case in 20 was a public hearing necessary to enforce the act. More than 2,100,000 workers were affected by the Board's activities during this period.

In approximately 1,200 cases the Board's agents conducted elections for collective-bargaining representatives. More than 500,000 workers were eligible to vote in these polls, and approximately 96 percent voted. In 75 percent of these elections, established trade-unions were selected. In the others the workers either selected new and unaffiliated unions or expressed their desire for no union.

The Board brought about the reinstatement of about 9,255 men alleged to have been discriminatorily discharged. Likewise, 178,693 workers were reinstated following a strike or lock-out.

The Board has settled 1,147 strikes involving 185,871 workers and averted 543 threatened strikes involving nearly 150,000 workers.

The results of this spirit generated by the new labor-relations legislation is seen in two important changes in industrial relations—duration of strikes and the growth in the use of written trade agreements.

The average worker who went on strike in 1937 lost 11 less days than in 1932—16 as compared with 27. In the period 1927-29 the average striker was out 85 days. Prolonged industrial disputes are on the wane as workers find governmental support when they first attempt to organize and as employers come to appreciate the value of amicable adjustment of labor disputes.

Public attention is sensationally turned by the press toward large strikes for recognition. These large strikes during the spring of 1937, including automobiles and steel, occurred at the height of employer resistance and before and immediately following validation of the act by the Supreme Court. While these were in process many larger groups of workers, through their unions, were entering into written agreements with their employers without resort to force. One million workers are party to agreements in the railroad industry, in which there is a long-standing history of Government intervention in labor relations; there are other industries with a long history of collective bargaining covering hundreds of thousands of workers, such as anthracite and bituminous coal, with 600,000 workers.

Noteworthy instances of new agreements negotiated during the year without strikes are General Electric, Westinghouse Electric, Packard, and Allis Chalmers, together involving more than 130,000 workers. During the past year the United States Steel Corporation, with 220,000 workers, renewed a union agreement.

An increase in the signing of union agreements followed closely upon the validation of the act by the Supreme Court. Many of these were in previously unorganized industries. Agreements were signed among the following:

Auto workers, 500 firms, 300,000 workers; brewery workers, 408 contracts; building-service employees, 40,000 workers; clothing workers, 135,000 workers; California cannery workers, 91 firms, 40,000 workers; electrical and radio workers, about 500 contracts; hat, cap, and millinery workers, 800 firms, 22,000 workers; hosiery workers, an increase from 59 to 208 contracts; maritime workers, agreement with 60 lines, not yet ratified by membership; printing and typographical workers, 350 contracts; rubber workers, 18 contracts; shoe workers, 150 contracts, 52,000 workers; silk workers, 54 firms; steel workers, 512 contracts, more than 500,000 workers (55 signed before April 12, 1937); textile workers, 1,000 agreements, 280,000 workers.

Until the National Labor Relations Act was upheld by the Supreme Court, many employers refused to conform to its provisions. Following the decisions of the Court many accepted the law. Those continuing to resist developed more subtle patterns of evading the act. These new mediums of evasion have been described by the Civil Liberties Committee in a recent interim report, as follows:

"The National Labor Relations Act is a codification of fundamental rights of the American workingman * * * yet these simple edicts, with respect to industrialists and labor, started a great hunt by the first party, the industrialist, for a third party to do to labor on industry's behalf what the individual employer himself could not longer do legally. One third party at hand was the detective and strike-breaking agency. * * * a substitute third party appeared in the shape of employers' associations * * * still another 'third party' discloses itself in movements to have the community or 'the public' to do the same job in behalf of the employer, such as 'citizens committees', and 'back-to-work movements'."

The nature of these strike-breaking tactics has become well known through the wide publicity given by the National Association of Manufacturers, and other employer agencies to the so-called Mohawk Valley formula of the Remington Rand Co.

Apart from the direct strike-breaking tactics of some employers and the closely associated "third parties," a further movement has recently arisen, which is designed to check bona fide union organization. This is the "independent" union movement, grown to national proportions with widespread distribution of materials designed to aid in their establishment. Most of these organizations were formed after the Supreme Court's April 1937 decision. "Independent" unions, in most essentials, would appear to be identical with the company-dominated unions.

These lineal descendants of the company union are so constituted that it is often difficult to establish their connection with

employers, but many of the "independents" thus far investigated by the Board have been found to be company-inspired and dominated. Of 55 such company-dominated "independents," found in decisions of the Board between December 21, 1935, and April 21, 1938, all but 7 were in decisions of the Board following the Supreme Court's validation of the act.

Effective functioning of the National Labor Relations Act has been confined almost entirely to the last year. Bitterly opposed before it was passed by Congress, it has been no less bitterly resisted since it was upheld by the highest court in the land. Enmeshed in about 100 injunction suits (all save a current one later dismissed) the Board nevertheless proceeded upon the important task of protecting labor organization and collective-bargaining rights. Opponents of the act might well look to the history of legislative aid in stabilizing labor relations in the railroad industry. Over the past 20 years in this industry the country has seen a gradual diminution of strikes and an increased orderly conduct of labor relations. The past years' activities of the National Labor Relations Board afford a basis for the expectation that in other industries an important step has been taken toward the businesslike handling of labor relations.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the bill (S. 5) to prevent the adulteration, misbranding, and false advertisement of food, drugs, devices, and cosmetics in interstate, foreign, and other commerce subject to the jurisdiction of the United States, for the purposes of safeguarding the public health, preventing deceit upon the purchasing public, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1585. An act for the relief of Sallie S. Twilley; and
H. R. 10140. An act to amend the Federal Aid Road Act, approved July 11, 1916, as amended and supplemented, and for other purposes.

RELIEF AND WORK-RELIEF APPROPRIATIONS

The Senate resumed the consideration of the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects.

The VICE PRESIDENT. The clerk will state the first committee amendment passed over.

The LEGISLATIVE CLERK. On page 19, line 23, it is proposed to change the number of the section, so as to read:

SEC. 24. This title may be cited as the "Emergency Relief Appropriation Act of 1938."

Mr. NORRIS. Mr. President, that amendment went over at my request. I have no objection to it. The amendment on the next page also went over at my request. I do not care to debate it. The amendment on page 19, line 23, is a formal amendment.

The VICE PRESIDENT. That is a pro forma amendment, changing the number of a section.

Mr. NORRIS. I do not care to be heard on it, and the same statement applies to the amendment on line 14 on the next page, page 20, which went over at my request. I do not care to discuss that.

The VICE PRESIDENT. The Chair thinks other Senators may desire to discuss that amendment.

Without objection, the pro forma amendment on page 19, line 23, proposing to strike out "23" and to insert "24" is agreed to.

The clerk will state the next amendment passed over.

The next amendment passed over was, in title II, section 201 (a), page 20, at the beginning of line 14, to strike out "\$965,000,000" and insert "\$865,000,000", so as to make the paragraph read:

SEC. 201. (a) In order to increase employment by providing for useful public works projects of the kind and character which the Federal Emergency Administrator of Public Works (herein called the "Administrator") has heretofore financed or aided in financing, pursuant to title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the

Emergency Relief Appropriation Act of 1936, or the Public Works Administration Extension Act of 1937, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to remain available until June 30, 1940, the sum of \$865,000,000, to be expended by such Administrator, subject to the approval of the President, for (1) the making of allotments to finance Federal projects, or (2) the making of loans or grants, or both, to States, Territories, possessions, political subdivisions, or other public bodies (herein called public agencies), or (3) the construction and leasing of projects, with or without the privilege of purchase, to any such public agencies.

Mr. HAYDEN. Mr. President, after very careful consideration, I have reached the conclusion that the committee amendment should not be adopted. Nine hundred and sixty-five million dollars is the amount of money estimated by the Bureau of the Budget for the Public Works Administration. If the Congress should reduce that amount by \$100,000,000, it would give an excuse to the Public Works Administration for saying, "We asked for a sum of money adequate to do the job, and the Congress denied it to us." The President, in submitting this Budget estimate, asked for \$965,000,000 to carry on the public-works program, which is all set up and ready to go, and that is the sum which should be allowed.

In the second place, the Senate has adopted an amendment increasing the amount for public projects from \$100,000,000 to \$200,000,000 to come out of this \$965,000,000. It was the judgment of the Committee on Appropriations that it is wiser to expend money wholly on Federal projects than it is to give away 45 percent of the money in the form of grants. To expedite the construction of Federal projects means an ultimate saving to the Treasury.

For example, if there is a certain amount of construction to be done on any kind of a Federal project, like a public building or housing for an Army post, if it is work that is going to be done anyway as a part of a recognized program, to the extent that such work is done with emergency funds, the amount of money that must be regularly appropriated in future fiscal years will be diminished. There is a net saving which will aid in Budget balancing in the future by doing work on strictly Federal projects rather than on loan and grant projects.

There is another feature to be considered. Out of the sum of \$965,000,000 it was originally proposed, on page 23, to place \$500,000,000 in a revolving fund. A revolving fund means that on loan and grant projects, when a municipality or other public body submits its bonds and they are accepted, the bonds may be sold and the money again used at a later date for loans and grants.

The President, very wisely I think, in a letter published in the newspapers, addressed to the chairman of the subcommittee, has suggested that what should be done is to do something now, and to do it as quickly as possible.

The great objective is to stop the downward spiral of depression. What may be done next year or the year afterward cannot have any immediate effect on the business situation as it exists today. The things that can be accomplished with the revolving fund are something that will be done at the later end of this construction program. I am told that with the original set-up of \$965,000,000 it is not expected that more than a quarter of a million dollars could be used in the revolving fund in the time fixed in this joint resolution, which is about a year and a half. So the revolving-fund item could be very safely reduced \$100,000,000 if the Senate so desired; but certainly we ought not to cut down below the amount of money requested by the President in his Budget estimate for public works, and I therefore hope the committee amendment will be rejected.

Mr. ADAMS. Mr. President, of course this reduction in the amount appropriated under title II was made by reason of increases in other places; that is, we increased the amount carried by the joint resolution \$212,000,000 for farm payments and yesterday we restored the House figures on rural electrification.

I am always most reluctant to disagree with the very persuasive Senator from Arizona; but from my own personal standpoint this amendment is one of the best amendments

in the joint resolution. It is about the only amendment which reduces the burden on the United States Treasury.

Mr. HAYDEN. The Senator will agree with me, however, that each tub should stand on its own bottom. When the Senate voted for rural electrification it did so for a sound reason—that it was really a loan and not a wasteful expenditure. There should be no relationship whatever between cutting off \$75,000,000 for rural electrification in one place and adding \$212,000,000 for price-adjustment payments to the producers of cotton and corn, as proposed by the Senator from Georgia [Mr. RUSSELL]. What the Senate did definitely last night with respect to the Price Adjustment Act of 1938 was because a majority of the Senators believed that the proposal was desirable on its own merits. If the administration asks for \$965,000,000 to carry on a public-works program—and that is the exact size of it—I do not believe Congress should fail to grant that amount of money. I am not proposing to increase it or to decrease it. I am merely asking the Senate to give what was asked by the Budget Bureau.

Mr. ADAMS. I was much more persuaded by the argument the Senator from Arizona made in the committee—I think he was responsible for the reduction—than I am by the argument he has made today.

Mr. HAYDEN. I voted against this reduction in the committee. I also opposed in the committee the adoption of the price-adjustment amendment offered by the Senator from Georgia. I said at the time that payments to farmers should not be conditioned upon a reduction elsewhere in the bill. That was the basis for my objection to the appropriation of \$212,000,000, as proposed by the Senator from Georgia.

Mr. BYRNES. Mr. President, I desire to express the hope that the committee amendment will be agreed to.

As a matter of fact, the estimate for this appropriation is based upon the needs of people at this time, in view of the situation which has arisen, increasing the number of persons on the relief rolls throughout the country.

The public-works section of the joint resolution admittedly does not provide immediate relief. The large public-works projects which require investigation by the engineering divisions, examining divisions, and legal divisions cannot possibly put people to work as quickly as can the money appropriated in title I of the joint resolution. If we are to increase the total, so far as I am concerned I should much rather have the appropriation increased in title I of the joint resolution, and have the executive departments of the Government given power and authority overnight to provide with jobs the 500,000 men who have been certified in the States of the Union, but who are without employment. The appropriation of \$965,000,000 in title II would be spent without having regard to the number of persons on relief rolls in a community, and we know that for months to come these projects cannot give employment to many persons.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. BYRNES. Yes; I yield.

Mr. HAYDEN. The Senator will remember that in his testimony before our committee, the Public Works Administrator, Secretary Ickes, stated that this amount of money was necessary in order to take care of public-works projects that had passed through all the three divisions. The projects are all set up. They have all been examined from an engineering point of view, from the standpoint of social desirability, and from the standpoint of their legal status. There will be a proposal vastly to increase this sum, to say that everything that has been approved by the three divisions shall be undertaken. I am sure that the Senator will agree that that should not be done.

Mr. BYRNES. Mr. President, I will agree to that statement. If I thought for one minute that every one of the projects on the list in P. W. A. was going to be approved and put into operation, I should vote to further reduce this amount, because every man who is acquainted with the subject knows that those applications were filed more than a year ago. They were filed by cities and counties and States. Conditions have changed since the applications were filed.

They were considered originally by the P. W. A. authorities. They made allotments for the most desirable projects that were examined. All that the examination meant was that the projects were eligible. Then the Director considered them. We must assume that he selected the best, and he left those that he did not think so desirable. Then the officials of P. W. A. came before Congress in the last session and asked for an additional amount, and \$300,000,000 was authorized. The Congress provided that preference should be given to projects where bond issues had been authorized in elections. The Senator from Arizona was greatly interested in that appropriation. The appropriation was made. Many projects remained on the list.

I know there are some deserving projects there, but I also know there are some there that the Director will never undertake at this time and should not undertake at this time. If an amendment is presented to limit the expenditure of this fund to those projects, and those alone, I intend to oppose it. I think now, however, that we should not increase this amount and pass this bill with an amount greatly in excess of what it carried when it passed the House.

Mr. LEE. Mr. President, it is my intention to support the program advocated by the Senator from Arizona. The money we spend under W. P. A. does not get the man for whom we spend it any nearer to a self-supporting status. We do not start any self-sustaining machinery. We all realize it is a sort of stop-gap proposition. The money spent under P. W. A. puts men to work in a normal, natural manner by restoring private industry.

This program results in the use of material, and when material is used men are put to work higher up the stream.

Of course, we do not put as many men to work right on the project, but when we use cement we put someone to work mining cement, grinding cement, hauling cement, sacking cement. When we use steel we put men to work mining it, manufacturing it, hauling it. The P. W. A. program is moving us toward the place we hope to reach, namely, reestablishing private industry. I believe that we should put the emphasis on the P. W. A. program, for a second reason, that under the P. W. A. program many self-liquidating projects have been built and many will be built in the future. That is not so true under the W. P. A.

I think we should favor the self-liquidating projects. We could build the superhighways which have been advocated by the Senator from Ohio [Mr. BULKLEY], and we could retire the bonds by collecting toll on roadside concessions, and not place that burden on the taxpayer. We could build canals and charge tolls, we could build toll bridges, we could build power projects and let the sale of electricity retire the bonds issued to meet the cost of the construction. We could build irrigation dams and let the payments for water rights cover the cost. Therefore I believe we should put more emphasis on this type of construction, on this type of employment, which gets the Government out of the business of actually working the men on the job. The bane of the whole W. P. A. program has been the necessity of the Government doing what we all would like to see private industry and private institutions doing.

We are more nearly approaching that goal under the program of the P. W. A. than under the W. P. A. I had hoped that this year we would be able to taper off even more than we did last year on the W. P. A. program, and put more emphasis on self-liquidating projects, and on a program which would give us something for use in the future.

If we build a nice roadbed with a dirt surface, that is fine; but about the time we get it finished along comes a rain storm, a regular gully washer and clod buster and washes it all away. But if we are able to put some money into material and build a concrete road, with an all-weather surface, the people in the future will have something for their money. That is how this type of program is giving us benefit for the future.

For these reasons I strongly favor reestablishing the amount of money the House provided for P. W. A., that is, \$965,000,000.

Mr. BORAH. Mr. President, the difficulty I have in following the able Senator from Oklahoma is that when he speaks of buying cement, steel, and other materials, I reflect that about 20 percent of the money expended along those lines goes to labor and about 70 or 80 percent goes to the steel and cement industries, which are fixing their own prices.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. LEE. What does the Senator mean when he says it goes to the cement industry? Does the Senator mean that the cement costs that much in its original state, or does he not include in the 20 percent the labor necessary to put it in its finished form?

Mr. BORAH. Of course, some labor is involved, and I am including that in the 20 percent, but the vast amount of the expenditure goes to the corporations which are in control of these great natural resources, and which fix their own prices; and it cannot be avoided as things now stand, because they are in control of the situation.

Mr. LEE. Mr. President, the Senator will get no argument from me on that proposition. We find ourselves in complete agreement so far as the trusts and monopolies of the Nation are concerned. I heard the Senator's very able address a few days ago on that subject and only wished then that it were possible to do something about it at once. However, that does not change the situation I have just discussed. I would gladly support any program to prevent the trusts and monopolies from having an undue share of the profits from the production of cement and steel and other materials, but that does not change the situation in this particular part of the program.

Mr. BORAH. Mr. President, I rose only to say that I should much prefer to see the amount of the appropriation under title I increased and the amount under title II decreased, because, after all, the money which is to be paid to the workmen will be put into circulation immediately. The payment of money to labor has a tendency to increase purchasing power. They expend it all. They do not put any of it away in coffers, because they have not enough to put away. Every dollar of it is spent for something, clothing, or food, or some other necessary of life. It is put into circulation in some way, and that naturally increases purchasing power throughout the country; whereas, if we put a vast amount of money into the hands of those who may put it away in the way of large profits, increased dividends, and so forth, that amount does not add anything, in my judgment, to the general purchasing power, which we are seeking to increase.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. BYRNES. Does not the Senator agree that the projects from their very nature cannot be started quickly, and that they continue at a time when we would like to stop them? If business revives, we would like to have the Government out of business, and it is difficult to stop a project which takes a year or a year and a half to construct. If we are to get out of the situation in which we now find ourselves something must be done immediately. It can be done immediately only by such an appropriation as can put men to work in the next few weeks.

Mr. BORAH. I agree to that.

Mr. WAGNER. Mr. President, I did not intend to inject myself into this discussion, but I have long been interested in the matter of public works as a means of taking up the slack during periods of private business decline, and a remark which the Senator from South Carolina made a moment ago impelled me to rise.

There is now upon the statute books a law which I sponsored in the Senate, and which was enacted during the administration of President Hoover, and was signed by him. He predicted that under it we could prepare a public-works program 6 years in advance, as the law provided.

Under that law provision was made for a stabilization board, which was to keep constantly in contact with the economic situation of the country and plan Federal public works 6 years in advance, so that as the barometer of the

economic situation of the country went up we would retard our public-works program, and as it went down we would accelerate the public-works program for the purpose of taking up the slack in private industry. Unfortunately, after the law was passed, the depression deepened, and thus we did not have the time to prepare 6 years in advance; and, unfortunately, even in this administration the act has not been taken advantage of.

I have been surprised to hear it asserted upon this floor every once in a while that it is our duty to prepare a public-works program 6 or 8 years in advance so as to meet a declining economic situation when it confronted us, when, as a matter of fact, a law providing that that shall be done is now upon the statute books, and although I have urged it time and time again, it has not yet been taken advantage of. My opinion is that a public-works program properly formulated and prepared is the surest way of preventing precipitate and sustained economic declines.

England recognizes that fact; England has realized that she must prepare in advance. I read an article in the New York Times a few days ago in which it was stated that the English are anticipating a possible depression after their armament program is completed, that is, a period of unemployment. They are now preparing a program for the construction of public works in order to avoid an economic depression when their armament program is concluded. We have a law upon the statute books in this country looking to that end, but have done nothing about it.

I hope the pending amendment will be defeated, and that we will at least give to the Public Works Administration as much money as it is able to use now. In answer to the argument of the Senator from South Carolina, the Public Works Administration has asserted that it is now prepared to utilize this fund at once upon public projects on which surveys have been made and which are in preparation, and which may be begun at once so as to put people to work.

The Senator from Idaho stated a moment ago that upon all these projects we are paying the prevailing rate of wage. In other words, not a mere security wage, but a decent full-time wage is paid, which will increase the purchasing power of workers who are employed upon these projects, and thus help provide the lifeblood of our economic system, namely, purchasing power.

Let me state what has already been done under our public-works program, which is by way of answer to those who have been contending that a public-works program is of no use in a situation of this kind. Those who make that contention either have not studied the statistics, or they are ignoring the facts involved. In the first place, with respect to most of the projects the Government pays only 45 percent. On all non-Federal projects, the local communities pay 55 percent toward the cost.

Mr. BORAH. Mr. President, I may say, however, that whoever pays for the project, the money comes from the same taxpayer. There is only one taxpayer in this country. You may speak of what the Federal Government supplies and what the State supplies but all comes from the same taxpayer.

Mr. WAGNER. I am not making a point of that. What I meant to say, I may suggest to the Senator from Idaho, is that when we are appropriating \$950,000,000, that does not represent the total amount used for employment on the projects for which this money is to be spent, because in addition to what the United States Government spends or lends, the communities may spend other funds of their own or borrow from other sources; and furthermore, the Federal loan money is in the nature of a revolving fund.

Mr. BURKE. Mr. President, will the Senator yield to me at that point to make a statement?

Mr. WAGNER. Yes.

Mr. BURKE. The Senator will note that in subsection (e) of this section it is provided that not more than \$750,000,000 of the \$965,000,000 shall be used for grants. In other words, only \$215,000,000 may be used for loans.

Mr. WAGNER. Under the public-works program, loans are made to municipalities and to other political subdivisions up to 55 percent of the cost of the project, and 45 percent is a grant made by the Federal Government.

Mr. BYRNES. Does the Senator find that written in the law at any place?

Mr. WAGNER. It is in the law today.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. HAYDEN. It is provided in this joint resolution that not more than \$750,000,000 shall be used for grants to projects with respect to which municipalities provide 55 percent of the cost, or more than half of the cost. The municipalities borrow in the market between 80 and 90 percent of the loan money. They get but a small part of it from the Government. The enactment of this joint resolution means that there will be a construction program of more than a billion and one-half dollars, the major part of which will not be paid for out of the Federal Treasury.

Mr. WAGNER. Mr. President, I have always believed and have advocated that we should have a permanent public-works program, such as other countries have, in order to meet economic depressions. The trouble with us now is that we wait until it is too late. The mistake we made, and which I think is one of the causes of the depression, is that we reduced Government expenditures for public works too soon. The rise in prices, and the backing up of inventories, far above what this country was able to consume—an increase in inventories which was made by reason of fear of higher prices—together with the badly timed stopping, or at least extreme reduction, in Government expenditures at the end of 1936 and the beginning of 1937, caused the sudden reduction in employment, and we now have the recession from which we are suffering. There may be another occasion to study that more in detail.

The other great advantage of a public-works program is that under it we are adding to the assets of the country. If Senators will study the projects which were constructed under our last public-works program they will see that we have enormously increased the wealth of our country. The money has not been wasted. The structures stand, and they are structures which have been needed for some time by local authorities. The deficit had been created because the local authorities were unable to construct necessary public projects.

Mr. President, to begin with we created during that period of time a billion and one-half man-hours of work at the site, which means full-time employment of over a million men at prevailing rates of wages. We also created two and one-half times that volume of employment "behind the lines," because it has been clearly established by the reports of the Bureau of Labor Statistics—and in my humble way I have given it some thought—that for every one who is employed at the site of a project, two and a half times that number are employed outside of the site, in the manufacturing and transportation of the materials which go into the construction of the project. So the pursuit of the program has employed a great many of our people. Our public-works program made possible four-fifths of all the public construction throughout the country. Seventy percent of all our schools which were built during this period, and more than 60 percent of all the hospitals and waterworks throughout the country, were built as the result of this program. Remember, Senators, these are all needed public improvements. By the way, those schools provide a seating capacity of a million four hundred thousand students in new and improved educational buildings.

Mr. President, the public-works program built 922 hospitals. Who will deny not only the desirability but the necessity for up-to-date hospitals to care for our sick? It built 2,000 community halls. It afforded over \$1,700,000,000 of material orders for the different types of industry. I know what the Senator from Idaho (Mr. BORAH) is thinking about when we are talking about materials. He knows that he and I are in absolute accord in respect to that matter. That

is a problem which Congress must face, because the materials which were sold for use upon these projects were sold at too high a price. That was not due to the increase in the prevailing rate of wages. That was due absolutely to monopolistic practices. I shall not now take time to discuss that, but on some other occasion I shall analyze just what increased cost of labor has meant and what monopolistic practices have meant in the carrying out of public works, and show the large profits which have been earned by many of the large corporations, in spite of the reasonable increase of wages.

There we have a tremendous disparity which I think will somewhat seal the lips of those who are constantly saying that it is the increase in wages which has brought about the terrific increase in cost of building. That is not the fact. Think of the one-third of our urban population which, per family, is earning less than a thousand dollars per year. Then how can anyone talk about high wages!

I did not expect to say as much as I have said upon this subject, but I hope that all of the money which has been asked for by the Public Works Administration, which it says can be utilized now, will be granted by Congress.

The PRESIDENT pro tempore. The time of the Senator on the amendment has expired.

Mr. LOGAN. Mr. President, I have listened with a great deal of interest to what the Senator from New York [Mr. WAGNER] has said. I realize that we must make this appropriation. I realize fully that the joint resolution must be passed. But I cannot refrain from calling the attention of the Senator from New York to the fact that, notwithstanding our large expenditures on public works during the past 2 years, we are now right back to the point at which we commenced. What is the reason for that? Why is it that we are almost back to where we were in 1933?

Do we not have some basis for the belief that when we shall have expended the amount which is to be appropriated by the pending joint resolution, we will be right back to where we are now? If that be true, then there is something wrong with the program.

The Senator from New York has said that we ought to have a permanent public-works program. I agree with him. And that when business is good we can contract our program, and when business is bad we can expand it. That is very sound, except it is not the business of the Public Works Administration to maintain the even flow of money which is necessary to do business in this country. That is the duty of the Congress, through its agency, the Federal Reserve Board.

Some reference has been made to England. England has done vastly more than simply establishing a public-works program. England has taken control of her money. She has made provision that when there is a strike on the use of money, if that is what is now the trouble in America, when people will not use the money which is on deposit in the banks, England will see to it that another supply of money is provided; and I would have the Senator from New York remember that in order to induce investors to borrow money or to use money, England has now a rate of 2 percent on the money that borrowers secure for carrying on their business.

I should like to say further that when we remove the profit motive from business in the United States, we destroy the capitalistic system. We must build our economic recovery upon the idea that men seek profits. We must also realize that men will not carry on business until they have a reasonable prospect of making profits.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LOGAN. I shall be very glad to yield.

Mr. WAGNER. I hope the Senator did not understand me to say that I am opposed to the profit system. On the contrary, the public-works program is a program which helps private business to obtain profits, and in that way supports the economic system in which I believe and under which we live.

Mr. LOGAN. I agree with the Senator. I did not mean to convey the idea that I thought he did not believe in the profit system. I do not believe there is a Member of the Senate who does not believe in the profit system. The trouble about it is that we have done something, or we are failing to do something, which has brought about a condition under which men cannot realize a profit. Consequently, they will not engage in business. Instead of dealing with superficial things, which we must deal with in the joint resolution, instead of looking at the matter purely from a superficial standpoint and just sticking in the bark, as it were, we ought to try to find out what is wrong with this country which brings about a condition under which men are afraid to attempt to make a profit. In order to determine that question we must agree upon some very simple rules.

In the first place, does the quantity of money in circulation have anything to do with prices? There are men who deny that it does. They deny that the quantitative theory of money is the correct theory.

If the quantitative theory of money is the correct theory—and I think everyone who has ever given any study to the subject will agree that it is—the next question we must determine is, What is money?

Of course, the money we carry in our pockets, the gold, silver, or paper, does very little of our business in this country; perhaps less than 5 percent of it. We all know that our time deposits and our savings deposits are not used in the transaction of business. So we get down to the question, Have we on hand, in the banks of the country, demand bank deposits sufficient to carry on the business of the country? I refer to deposits against which checks are drawn. It is not sufficient that they be demand bank deposits. They must be active demand bank deposits. It is true that 2 percent of the total depositors in the United States control \$20,000,000,000 of the \$24,000,000,000 demand deposits in the banks today. Ninety-eight percent of the number of depositors control only \$4,000,000,000.

Under such conditions we should first determine whether the quantitative theory of money is sound. I want to go back for just a moment to show what others have said on the subject. I know a very distinguished gentleman who is a Member of this body, and one of the most outstanding men in the Senate.

Two or three years ago, when the Senator from Oklahoma [Mr. THOMAS] was discussing the money question, this Senator said that the quantitative theory of money was all Greek to him, and he did not know any Greek.

If it be true that the quantity of money does not have anything to do with prices, then I am very greatly mistaken. If it does have something to do with prices, then we must devise some plan under which a normal supply of active demand deposits, against which checks are drawn, may be maintained in the banks.

Let us go back to the time of the Civil War, when the Treasury Department issued its first greenbacks and Government bonds. It was stated by Ricardo, one of the great statesmen:

That commodities rise or fall in proportion to the increase or diminution of money, I assume as a fact that is incontrovertible.

John Locke, one of England's greatest thinkers and economists, says:

The lessening of the quantity of money makes an equal quantity of exchange for a greater quantity of any other commodity.

John Stuart Mill tells us:

That an increase of the quantity of money raises prices and diminution lowers them, is the most elementary proposition in the theory of currency, and without it we should have no key to any of the others.

Adam Smith said:

Money measures things and things measure money. Each measure the other by and according to its own abundance, by comparison. If you double the volume of money in circulation, you double the price of everything. By doubling the price you divide the debt because it takes only half as much labor or the products

of labor to pay the same debt. If you divide the amount of money in circulation, you divide the price of everything. By dividing the price of everything, you double your debts, for it will take twice as much labor or the products of labor to pay the same debt.

Abraham Lincoln said:

If a government contracted a debt with a certain amount of money in circulation and then contracted the money volume before the debt was paid, it is the most heinous crime a government could commit against the people.

Thomas Jefferson gave utterance to the same views; and a good many others whom we regard as distinguished statesmen of the past have announced the same doctrine. The trouble is that our people today are trying to apply to the money question the old rules which applied when we did not have any banks; and the people consider currency as money.

As a matter of fact, if we direct our thinking toward the point that the money of the country is that which circulates and is used to carry on business, and then attempt to stabilize it, we can stabilize prices. If that be true, then there is no necessity to discuss inflation, which scares everybody to death, or deflation. The question is one of stabilization. If we are wise enough, and if today we have statesmen who are wise enough to solve this question, it must be done through determining the active demand bank deposits which are in use in carrying on the business of the country.

It may be stated as a fixed law that the business of the country—that is, the income of the citizens of the Nation—will always be about three times the amount of the active demand bank deposits in the banks. If we had \$30,000,000,000 used in carrying on the business of the country, against which checks were drawn, we should do about \$90,000,000,000 worth of business in the country. If the demand bank deposits, as shown by the checks drawn against them, should amount to only about \$15,000,000,000 a year, we should do about \$45,000,000,000 worth of business.

So if we wish to solve the question of relief, if we wish to solve the tax question, if we desire to solve all the ills confronting us, let our statesmen turn their attention toward determining how much annual income the citizens of the Nation should have, and then go about fixing the quantity or the amount of the circulating medium so as to produce that amount of income.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. BORAH. Suppose we should establish the amount of money as the Senator indicates which should be in circulation, and the amount which each citizen should have, in order to have a sufficient circulating medium. What are we to do if we have an economic system by which 10 percent of the people of the country may secure control of practically the entire amount or control of the material wealth which gathers to them the money of the country?

Mr. LOGAN. If 10 percent of the businessmen of the country own most of the money in circulation, and they refuse to use it, then the United States Government, through its Federal Reserve System, must replace that money through its open-market operations and by other means.

In addition to that, we must do what has been done in England. We must increase the desire to make profits, or to make more certain profits, by reducing the interest rate. Whenever we reduce the interest rate to the point at which a man can borrow money and make a profit, we shall not have in the banks stagnant money which is not in use at all. As long as prices are falling, men who have money in the bank which they are not using will keep it there, waiting for prices to reach the lowest point. Men are not going to buy property when values are going down. If those who sold their stocks on the market a few months ago secured billions of dollars through such sales, that money is in the banks today and is waiting for stocks to reach the very lowest point so that the men with the money may buy them back again. So long as we have a currency which fluctuates in value, and so long as our property has no stabilized value, we may expect no prosperity in this country. The whole responsibility rests on the Congress of the United States.

I hope sometime during the day to call attention to what the Democratic Party, at least, has said on this subject in its platforms. No later than 1936 it pledged the people of the United States that it would stabilize prices. What has it done about that question? Prices fluctuate more greatly now than they ever have almost in the history of our country. What have we done as representatives of the Democratic Party to stabilize prices and to make it possible for farmers to receive a fair price for their products? The farmers this year will have a great crop and yet they will receive perhaps less for it than they have received in many years. Why? We have done nothing to stabilize prices; we are not trying to do anything to stabilize prices. What we are trying to do is to keep on spending, knowing that it does have some effect, and we will keep on spending until our money is all gone, and then the Lord only knows what will happen.

Mr. WHEELER. Mr. President, I have sent to the desk, and, if it is appropriate at this time, I wish to offer an amendment, on page 20, line 14, to strike out "\$865,000,000" and insert in lieu "\$765,000,000", and also, on page 20, line 21, after the word "agencies", to insert a semicolon and the following:

And the sum of \$100,000,000 to be expended by the Secretary of the Interior, for constructing, continuing construction, and expediting construction of projects under the authority of the Reclamation Law: *Provided*, That not to exceed \$1,500,000 of this amount shall be made immediately available and to remain available until expended, for the construction of small storage reservoirs, as authorized by the act of August 26, 1937 (50 Stat. 841): *Provided further*, That not to exceed \$900,000 of this amount shall be made available to enable the Secretary of the Interior, through the Bureau of Reclamation, to carry on any engineering and economic investigations of proposed Federal reclamation projects, surveys for reconstruction, rehabilitation or extension of existing projects, and studies of water conservation and development plans, such investigations, surveys, and studies to be carried on by said Bureau either independently or, if deemed advisable by the Secretary of the Interior, in cooperation with State agencies and other Federal agencies including the Corps of Engineers, National Resources Committee, and the Federal Power Commission.

Let me say to the Senate that the purpose of this amendment, of course, is to earmark \$100,000,000 of this money for the purpose of expediting reclamation projects which have already been started, and also to construct new reclamation projects in the drought area.

Much has been said, Mr. President, on the floor of the Senate with reference to the necessity of carrying on Works Progress projects. The Senator from New York has just pointed out that there have been 2,000 community halls built, and he pointed out how many schools have been built, and how money has been used in other ways. I have no fault to find whatever with the building of community halls; I have no fault to find with the building of armories, and I do not desire to tell anybody in any other section of the country how they should spend their money. I know, however, Mr. President, that if we want to add to the capital assets of the Nation in my section of the country there is only one way to do it. There has been a drought in some parts of the so-called Great Plains area for 3 or 4 years and in other parts of it for 7 years. We have heard about the Dust Bowl. The present administration has caused conferences to be held in Sioux City and in Bismarck; a committee has been appointed to make a study of the whole subject, and every time anyone runs for office the people are told what is going to be done for the Dust Bowl.

Mr. President, there is only one way that we can do anything for the Dust Bowl; there is only one way we can do anything for the drought-stricken area. It does not do any good to build community halls in that section of the country; it does not do any good to build schoolhouses there, because the people are leaving there by the thousands; and it does not do any good to build the post offices there, because there will not be any use for post offices very long. We can, however, add to the capital assets of that region if we will earmark this \$100,000,000 and spend it on irrigation and reclamation.

As I have said, we are always talking about doing something along this line around election time; we are sending commissions out there to make studies of conditions. It is not necessary to send any commissions out there. Every Member of the Senate who has lived in North Dakota, South Dakota, Montana, or in parts of Colorado knows that there is just one thing that can be done to help those people, and that is to build dams and to irrigate the land.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. WAGNER. I agree with what the Senator says in regard to irrigation in the section to which he refers. I have visited that section; I realize that water is a great problem there, and it is very desirable that irrigation projects should be undertaken; but without any amendment such as the Senator proposes, the Public Works Administration, of course, would have complete authority to undertake such projects.

Mr. WHEELER. I understand that to be so; I thoroughly appreciate the fact that P. W. A. can build projects similar to those of which I am now speaking; but the trouble is that unless we earmark some of this money for this purpose much of it is going to be spent for projects that are not of any practical benefit to the people in that region at this time, when what they need is the conservation of their water resources.

I have called the attention of the administration on numerous occasions to this subject. I have said, "I am not going to try to tell you how money should be spent in the State of New York, because I do not know sufficient about conditions in New York; I am not going to tell you how to spend money in Pennsylvania; I am not going to tell you how money should be spent in New England, although I lived there for a good part of my life; but I am going to tell you that the best and the most feasible way to spend money in the Rocky Mountain area, which is affected by a serious drought and which has mountains and streams, is to build dams so as to conserve the water that comes down from the mountain tops.

Mr. President, we have done some of that work; the present administration has done a considerable portion of work of that kind in my State and in other States, and I desire to give it great credit for the work it has done; but I wish to impress on the Members of the Senate that there is just one thing to do. We are spending money to put the farmers in these regions on relief. In some of the sections which I have in mind they obtain a crop once in 5 years, and they are being put on relief. The Government is making seed loans to them which they can never pay back; they have mortgages on their farms which the Government of the United States and the Federal land banks hold which the farmers will never be able to repay. But, mind you, Mr. President, the money that is spent on the reclamation projects is not lost; it comes back into the Treasury, because the farmers who occupy the irrigated lands pay the cost over a long period of time, together with interest on it. So the money is not lost to the Government of the United States. There is no 45-55 contribution. The farmers who locate upon that land eventually pay it back and pay the interest.

We hear much said about building a better civilization; we hear gentlemen talking about doing something for the children; we hear them talking about providing schools and homes, and so forth. Let me say that when we put a man on a piece of irrigated land where he can raise some alfalfa, have some chickens, have a cow, and really have a home, on a tract of land on which he can make a living, we are making a good citizen out of him. Soon we see schools being erected; we see churches being built; we see a very prosperous community. Under those circumstances, the people on the project are able to buy manufactured goods, boots, shoes, and clothing of every kind and description; their children are better dressed. I visited the drought-stricken area a few years ago with my late colleague, Senator

Walsh. We saw little children there being kept out of school because they had no clothes to wear; we saw girls forced to wear old overalls. They were kept out of school because their parents did not have sufficient money properly to clothe them for school. That condition has obtained there for 5 or 6 years.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. HAYDEN. I am well satisfied that the Senator from Montana is making an entirely accurate and truthful statement to the Senate with respect to the value of reclamation to the Nation. I will go further than that with respect to Federal expenditures for irrigation in the semiarid area and say that if the vast sums of money that have been expended during the last 5 years on direct relief in the States where the Dust Bowl is located could have been applied to irrigation projects such as the Senator has described we would have arrived at a real solution of the relief problem in those States.

I should like to discuss the amendment of the Senator for a moment. We have here two substantive propositions. First, to fix the total sum to be appropriated and, second, to earmark a part of that total sum for reclamation. The suggestion I have made to the Senate is to reject the Senate committee amendment reducing the amount requested by the Bureau of the Budget from \$965,000,000 to \$865,000,000, while the Senator from Montana proposes further to reduce the \$865,000,000 by another \$100,000,000. The total amount to be appropriated is a proposition which will have to be voted on separately. The Senator first desires a cut of \$200,000,000 under the Budget estimate, and then proposes to appropriate \$100,000,000 for a specific purpose. I should like to ask the Senator just how, in good conscience, I could vote for his proposal to earmark \$100,000,000 for reclamation and then vote against the proposal of the Senator from New York to earmark a large sum for flood control, and a further proposal, which will undoubtedly be offered, for Army housing? There will be other attempts at earmarking which if successful will leave no discretion at all in the Public Works Administrator as to what projects shall be undertaken.

Mr. WHEELER. I think that can be very well answered. I may say we have a huge Army appropriation bill before the Senate every year. We have appropriated billions of dollars this year for a navy and for building battleships. We are appropriating huge sums of money in every appropriation bill that comes before us. I do not want to reduce the amount of this appropriation for public works, and that is not my intention.

Mr. HAYDEN. The amendment does it. It strikes out \$865,000,000, which is the amount of the committee amendment, and reduces it to \$765,000,000. My proposal is that we should allow what was asked for, which is the Budget estimate of \$965,000,000; in other words, that we should reject the committee amendment.

Mr. WHEELER. Let me explain to the Senator what I want to do. I have no desire to cut down the total amount of the appropriation, and I understood from those who drafted the amendment and presented it for me that it did not do so. I shall be glad to talk to the Senator about the matter if he is correct about it; but my understanding was that the amendment did not cut down the total amount of the appropriation. As I understood, it simply cut down the amount allotted to the Secretary of the Interior to be spent for that particular purpose; but while it cut down the amount in one place, it added it in another place, so that it made the total \$865,000,000. Is not that correct?

Mr. HAYDEN. But when the Senate comes to vote, it cannot vote upon the Senator's amendment as a whole. The first part of his amendment is in order now; that is the amount of money which shall be authorized for this purpose. The remainder of the amendment is not in order, because it amends another part of the joint resolution, and must be offered after the committee amendments shall have been disposed of.

What I think the Senate should do is to vote upon the primary question of how much money altogether we propose that the Public Works Administration shall have. Then, when we come to the various earmarking proposals, the Senate may vote them up or down. We should not confuse the two matters.

The PRESIDENT pro tempore. The time of the Senator from Montana on the amendment has expired.

Mr. WHEELER. Mr. President, I will temporarily withdraw my amendment and offer it again later on, because I want to have an opportunity to explain the matter to the Senate. There seems to be considerable confusion with reference to the amount of money that should be spent for reclamation.

Mr. MURRAY. Mr. President, I wish to express myself in favor of the provision of the original House joint resolution as it came to the Senate, providing \$965,000,000 for public works.

In addition to the problem of immediately furnishing employment, and in addition to the necessity of rehabilitating private industry, there is also a very serious problem which the Government must meet, and that is the problem of providing an opportunity for stranded citizens of the country who are unable to locate themselves in jobs or to locate themselves on land where they can be self-sustaining.

In the western arid States thousands of farm families are at present stranded, and are on the W. P. A. relief rolls. Under this provision of the pending measure there is an opportunity for the Government to construct very important projects which will provide homes for these stranded farm families and put them on a self-sustaining basis. I think that is a very important consideration for the Senate in connection with the pending measure. It seems to me that these projects which are of a regenerative character and which provide homes and opportunities for American citizens to rehabilitate themselves, are of greater importance than rehabilitating private industry, or finding immediate jobs for the unemployed.

One of the strong arguments against pump priming has been that it is no cure for our economic ills. This part of the pending measure, it seems to me, in a large measure cures the very serious situation which we have in our drought-stricken sections. Therefore, I am in favor of the provision as it came from the House.

I think the arguments which have been advanced against public works are not well founded. It is true that the great monopolistic corporations have made enormous and excessive profits during the past few years; but there should be some method of taking care of that situation without going to the extreme of denying this very important provision a place in the pending joint resolution. A week ago I pointed out on the floor of the Senate that practically all of the heavy-industry corporations of the United States made greater profits in 1936 and 1937 than they did at any time during the period from 1929 to the present date. In fact, 130 of the great corporations of the country made greater profits than they did in 1929.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. MURRAY. I yield to the Senator from New York.

Mr. WAGNER. Is it not true that in some instances some of the corporations made larger profits than ever before in the history of their existence?

Mr. MURRAY. Yes; that is absolutely true.

Mr. President, I am not a member of the Senate Finance Committee, which undertook to work out the tax bills, but it seems to me a mistake is being made in not exacting higher taxes from the gigantic corporations which have made excessive profits. It seems to me it is the duty of the Government to take some steps to curb corporations which are carrying on such practices. I am sure some of the leading industrialists of the country are coming to recognize this situation. A week ago I introduced into the Record a very important editorial which appeared in Fortune magazine, discussing this situation, and pointing out that heretofore in the history of our country it has been contended that the economic territory

was supposed to be territory into which government had no right to intrude or interfere; that it was exclusively the jurisdiction of industry; and that it was wrong for the Government to interfere in industry; and yet private enterprise made a complete and absolute failure so to operate our economic system as to avoid serious national economic disturbances. In 1929, as a result of that failure so to conduct our economic system as in theory it is supposed to be conducted, we witnessed the greatest depression that this country, or perhaps any other country on the face of the earth, ever experienced. It will not do for industry merely to say that this very serious and dangerous unemployment situation is something for which they are not responsible. If they are going to assume the right to have control of our American economy, they must work out an economic system which will substantially avoid those conditions.

Therefore it seems to me that, so far as this measure is concerned, arguments relating to monopolistic practices constitute no serious objection to authorizing this appropriation to carry on a public-works program. It is of greater importance than the Works Progress provisions of the joint resolution, because, as I say, it enables us in the West to establish and construct regenerative projects in arid and semiarid areas which will take thousands of stranded farm families off our work-relief rolls and provide homes for them, where they may become self-sustaining. It will put lands back on the tax rolls and will rehabilitate counties in various parts of the dry-land sections of the country which are now suffering serious economic distress, and are unable to furnish the sponsor funds required for the W. P. A. program.

Therefore I earnestly urge the rejection of the committee amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee. [Putting the question.] The Chair is in doubt.

On a division, the amendment was rejected.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee passed over.

The LEGISLATIVE CLERK. On page 21, line 1, it is proposed to strike out "June 30, 1940" and to insert "September 30, 1940."

Mr. WHEELER. Mr. President, if it is in order—and I understand it is—I desire to offer an amendment to be inserted on page 20, line 21.

The PRESIDENT pro tempore. It is the opinion of the Chair that the amendment would be an amendment to the text, and such an amendment will not be in order until after the committee amendments passed over have been acted on. It will then be in order.

Mr. NORRIS. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. NORRIS. I should like to inquire whether the committee amendment on line 1, page 21, is one amendment and the other five lines comprise another amendment, or whether it is all one committee amendment.

Mr. ADAMS. Mr. President, it is two separate amendments, offered for different purposes.

The PRESIDENT pro tempore. The question at the present time is on the first amendment, on line 1, page 21, to strike out "June 30, 1940" and to insert "September 30, 1940."

Mr. ADAMS. Mr. President, I desire to explain the purpose of the proposed change.

Under the bill as it came from the House it was provided that funds appropriated under title II could not be allotted to projects which could not be completed before June 30, 1940, and it was the opinion of the committee, in accordance with the suggestion of the Public Works Administrator, that the period of completion should be extended 3 months, until September 30, 1940, to open the way for the construction of projects which would take a little longer time.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee passed over.

The LEGISLATIVE CLERK. On page 21, it is proposed to insert, after line 1, the following:

nor for any income-producing project under clause (2) or (3) of subsection (a) of this section which will compete with any existing privately owned or operated public utility the rates of which are now subject to public regulation.

Mr. ADAMS. Mr. President, there has been much discussion in reference to this amendment, which has been commonly referred to as the public-utility amendment. I am going to avail myself of the privilege which has been taken by other members of the committee and express my own judgment in reference to the amendment. My own judgment is that the amendment as it stands should not be adopted. I think it does not express that which was in the minds of the majority of the committee when the amendment was adopted by the committee.

The committee had certain objects in mind. Further study of the amendment—and I may add that my own study includes information coming from the Public Works Administration—shows that the amendment as it stands would be a damaging and a detrimental provision.

I think it should be added that the amendment was submitted by the senior Senator from Maine [Mr. HALE]. It was prepared hastily in the committee room, I think without preliminary study of the matter, in an effort to reach certain purposes in the minds of the committee.

Mr. HALE rose.

Mr. ADAMS. I am not speaking for the Senator from Maine, but I know the amendment was hastily submitted.

Mr. HALE. Mr. President, I will say to the Senator that when I attended the committee meeting at which the amendment was adopted I had no intention of offering any amendment. When this question came up for discussion in the committee various ideas were presented, but no one offered an amendment. Therefore, I took it upon myself, since it seemed that no one else was going to do it, to offer an amendment.

I can see, as the Senator has stated, that the amendment as offered is probably too broad to have any chance of enactment, and I am entirely willing to accept an amendment to the amendment which will accomplish the general purpose that I should like to see accomplished, which is fair treatment for the utility companies.

Mr. ADAMS. Part of my purpose in making the statement in reference to the amendment is to perhaps avoid an extended discussion of an amendment which is not supported by the committee—that is, which was presented in part under a desire to accomplish certain things, but which would accomplish other things not desired by the committee.

The problem as it was presented to the committee generally was this: That the purpose of the pending measure was to put people to work, to look after those in need and in distress. The public-works part was inserted for the purpose of providing for the construction of public projects which would give employment and would result in the use of materials, the production of which would put others to work in the factories and in the mines.

It was not the desire of those advocating the Public Works projects that people should be put out of work. Most of the members of the committee had in mind that if a particular community, such as a city, had within it a public utility which was furnishing adequate service at fair rates, and was subject to public regulation, the Government should not go in and provide 45 percent of the cost of constructing a plant which would duplicate the existing plant, which would not provide better service, which would not provide better rates, but the result of which would be the destruction of the existing plant, putting out of work just as many as would be put to work by the construction of the new plant.

In addition to that, if a utility of that kind were destroyed by the public plant, it would mean the destruction of wealth, consisting of the plant itself, which would become useless, and of the interests of the stockholders scattered throughout the land.

There are a few who regard every public utility as a public enemy and think it is a good thing to destroy any public utility regardless of how or when it is done.

My own contact with public utilities goes back to a very early day. I lived in a frontier town. The principal public utility in my town was a team of horses and a wagon run by old man Ottoway, who went to the river and, with barrels, got water which he distributed to the homes in the city. That was the only public utility in the community. My father, a young man, proceeded to dig a well in our backyard. The result was that other people did likewise, and that particular public utility was gradually put out of business by better service, which was more adequate.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BULKLEY. Does the amendment make any discrimination between a loan and a grant to compete with a privately owned public utility?

Mr. ADAMS. I do not know that I can answer that question yes or no. It provides that the customary method of making a grant of 45 percent of the cost to the public body constructing a utility shall be followed. In addition to that, the authority is given to make a loan of 55 percent, or any other amount which the Public Works Administration may see fit to make. The local governmental agency must provide 55 percent of the cost, it matters not in what way it provides the funds. It might borrow the money from the Public Works Administration; it might borrow it from other sources; it might raise it by taxation; but it would receive a grant of 45 percent from the Public Works Administration.

Mr. BULKLEY. I can see no objection to the Federal Government doing that by way of a loan, but it seems to me there might be some question whether the Federal Government should contribute public money to compete with private capital.

Mr. ADAMS. That was the position most members of the committee took, I may say to the Senator from Ohio, respecting a case where the public was being served. If the public were not being properly served or if the rates were extortionate, then it would be perfectly proper for the Federal Government to go in and help the local community to meet its problems, help it to escape from the impositions of an unfair utility. But consider what has happened in many communities. In my own community in the early days we wanted a gas plant, so a meeting of the citizens was called, and they proceeded to contribute, and they established a plant, which they owned.

It would not be fair, if that plant were giving service, for the Federal Government to go in and put up, by donation, 45 percent of the cost of a plant constructed by the community, in order to destroy the original plant, erected in good faith, to render community service as a convenience.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. SCHWELLENBACH. I should like to ask the Senator whether or not, after hearing Mr. Gadsden, the committee called upon anyone on the opposite side of this question to hear testimony as to the method used in determining whether loans should be made or grants should be made to meet the needs of the community. Was any testimony received by the committee except that of Mr. Gadsden?

Mr. ADAMS. I received a very full written explanation from the Public Works Administration.

Mr. SCHWELLENBACH. That was received personally by the Senator?

Mr. ADAMS. Yes; but for the use of the committee. What we did in the committee—as the Senator knows, because he has been before the committee—was that we gave opportunity to be heard to those who came before the committee. We had a full statement from Mr. Hopkins and Mr. Ickes as to their plans.

We had before us the House hearings in which this matter had been given consideration. For instance, a list of public-utility projects was included in the House hearings.

I do not think the Senate committee lacked information. The thing in which the committee was interested was the accomplishment of the purpose of the joint resolution; that is, to put the greatest number of people to work, and do the greatest good by way of meeting the depression in which we now find ourselves.

The Senator from Washington has the mistaken idea that the committee was especially impressed by Mr. Gadsden. As I said, this matter came up in the closing hours of our committee meeting, and the Senator from Maine, apparently being impressed that there was danger of duplication and interference, hastily prepared an amendment. I do not know what passed in his mind. I do know the discussion which took place between some members of the committee. However, it was not the intention of the committee in any way to interfere with the public ownership or the public construction of public utilities. We thought that a grant of public money ought not to be made to destroy an existing utility within a city, when that utility was giving adequate service at fair rates. The Senator from Kentucky, the Democratic leader, has not submitted the matter to the Senate, but a suggestion on his part in an effort to meet that situation was discussed. I think that perhaps every member of the committee believes in the Government ownership of the public utilities which affect cities. I also think that every member of the committee and every Member of the Senate wants that accomplished by fair methods; that is, there is no desire to do an injustice to the stockholders in the public utilities so long as the public can be properly served.

Mr. SCHWELLENBACH. Mr. President, the Senator used the word "grants." To go back to the question of the Senator from Ohio, Was there a distinction made in the committee between grants and loans?

Mr. ADAMS. The whole thing goes back to the matter of grants. The loans are matters aside from grants. The fundamental purpose of the provision dealing with the Public Works Administration is to provide for the making of grants of 45 percent of the cost of projects, and to say to the local organization, "You provide the 55 percent in any way you see fit. We shall be glad to lend it to you if you provide adequate security. You may get it any way you please." But the function we are performing is providing for the making of grants to encourage the employment of men, the construction of public works, and the meeting of the problems of unemployment.

Mr. SCHWELLENBACH. In listening to the testimony of Mr. Gadsden, did the Senator feel that Mr. Gadsden would be satisfied if the question were limited to that provision?

Mr. ADAMS. Strange to say, Mr. Gadsden was only objecting to the leasing provision in the bill. He said that was the only part in which he was concerned, much to my surprise.

Mr. SCHWELLENBACH. But he did tell the Senator that private utilities could put two or three billion dollars to work, and much other stuff that had no basis in fact?

Mr. ADAMS. Yes.

Mr. SCHWELLENBACH. And the committee was impressed by the testimony with respect to some two or three billion dollars that could be put to work, was it not?

Mr. ADAMS. I will say to the Senator that he is only partly correct. The committee knows, as the Senator knows, that an effort has been made—

The PRESIDING OFFICER (Mr. MURRAY in the chair). The time of the Senator on the amendment has expired.

Mr. ADAMS. I will take my time on the bill. The Senator knows that the President of the United States and other persons have been endeavoring to persuade industry to put people to work. Among those who have been urged to employ people to expand their plants are the utilities. There has been a great deal of fiction, as pointed out by the Senator from Washington, with respect to the amount of money that might be spent, but some money, a substantial amount, could be spent by utilities, according to statements made at the committee hearings. It was not to be expected, however, that the public utilities would expand their plants, would

spend money, if they were under the threat every instant that their plants would be destroyed by the construction of competing plants, 45 percent of the cost of which would be donated by the Federal Government. In other words, there is some merit in the contention of those who have utility interests that they ought not to be destroyed unless the public interest is to be served thereby.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. SMATHERS. I should like to ask the Senator what provision is made under his amendment—

Mr. ADAMS. Wait a minute. I do not have any amendment. I have said to the Senate that I am opposed to the committee amendment. I am now arguing against the committee amendment.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BARKLEY. I do not wish to consume the Senator's time, but I desire to make a statement.

Mr. ADAMS. Will the Senator let me complete just one suggestion, and then I will yield to him?

Mr. BARKLEY. Yes.

Mr. ADAMS. I have a particular project in mind which would be impaired by this type of an amendment. That brought its effect home to me. In my State the Congress has authorized the construction of what is known as the Colorado Big Thompson reclamation project. As one part of that project, power will be developed. If the amendment under consideration were adopted in the form in which it now stands, it would be impossible for that publicly constructed project to secure any grant from the Federal Government. They do not need such a grant. I give it merely as an illustration, because the amendment as it is drawn prevents the contribution by the Federal Government to the construction of any utility which will compete with any existing utility.

This project in my State plans to reach out into the farming areas of the State. There are utilities in the small cities which run their lines out into the farming sections. The project will to that extent compete with them. It will not necessarily go into those cities, but under the pending amendment, as it is drawn, there will be no chance for that utility to secure a grant. It was the understanding of some of us when the amendment was being considered that it was to be limited, even in the form in which it came to us, to municipal plants; that it was not to go beyond the municipal plants, which met the situation about which I was speaking.

I now yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, inasmuch as the Senator has discussed an amendment which I had had in contemplation and abandoned for reasons which I wish to explain, I wonder if the Senator will yield to me to make the statement about it at this time, which I contemplate making. I do not want to take the Senator's time. I can do it in my own time later.

Mr. ADAMS. My suggestion is that I am speaking on the bill, and if there is some way by which my time may be saved to me, I should like to have that done. I ask unanimous consent that the Senator from Kentucky may make the statement he wishes to make, without the time being charged to my time on the bill.

Mr. McNARY. Mr. President, I could not consent to that request, much as I should like to do so. The Senate should continue the debate under the plan of the agreement which was reached the other day. There are two ways by which the Senator can do what he has in mind to do.

Mr. BARKLEY. Mr. President, I have made no request.

Mr. McNARY. I understand that, but I shall have to object to the request made by the Senator from Colorado.

Mr. ADAMS. Mr. President, I ask how much time I have left.

The PRESIDING OFFICER. The Senator has 25 minutes left.

Mr. ADAMS. How long will it take the Senator from Kentucky to make his statement?

Mr. BARKLEY. I think I can make it in 5 minutes.

Mr. ADAMS. Then, I will yield to the Senator from Kentucky to make his statement in my time.

Mr. McNARY. Mr. President, the unanimous-consent agreement provides that no Senator may speak longer than 30 minutes nor more than once on the bill.

Mr. ADAMS. I do not think that is in the unanimous-consent agreement.

Mr. McNARY. I think it is.

Mr. BARKLEY. Mr. President, I do not want to violate any understanding into which the Senate has entered. If I may be recognized following the address of the Senator from Colorado to make the statement which I wish to make, in view of the situation which arose concerning an amendment that I had contemplated offering, it might result in saving extended discussion on the floor with respect to the subject, not only involving the amendment of the committee, to which I am opposed, and which I am glad to note the Senator from Colorado opposes, but any other amendment along the same line or similar lines. I hope that this provision will be left as the House sent it to the Senate.

Mr. ADAMS. Mr. President, I will say to the Senate that I am amazed that any Senator would not wish to hear from the Senator from Kentucky at the earliest possible moment. That amazes me.

Mr. BARKLEY. Of course, I can understand why no one would want to hear from me at any time, but I am making no request that any exception be made with respect to me in regard to that matter.

Mr. NORRIS. Mr. President, I could not understand everything that was said by the Senator from Colorado and the Senator from Kentucky; but as I understand, they are making an arrangement by which the Senator from Colorado shall be followed by the Senator from Kentucky. I do not wish to agree to that arrangement. That will probably happen, because the Chair has the right to do as it pleases in the matter of recognizing Senators; but I should not want to have it understood that it shall so happen.

Mr. ADAMS. That is a matter over which I have no control, I will say to the Senator from Nebraska. I was trying to arrange it so that the Senator from Kentucky could use part of my time.

Mr. BARKLEY. I do not want to delay the matter. I will take my own chances.

Mr. NORRIS. The Senator cannot yield his time to another Senator in which to make a speech.

Mr. BARKLEY. I will say what I have to say in my own time.

Mr. ADAMS and Mr. BYRNES addressed the Chair.

Mr. McNARY. Mr. President, I demand the regular order.

Mr. ADAMS. That is exactly what I am asking.

Mr. McNARY. Very well; let us get busy.

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. POPE. I should like to ask the Senator from Colorado whether or not he knows of any States or municipalities which do not now have public regulation of utilities?

Mr. ADAMS. I do not. I should have to make a qualification. The Senator says "States." It happens that in my State we have what are known as home-rule cities. The city of Denver, and the city of Pueblo, in which I live, have regulation of rates by the local municipality bodies and by State bodies. However, where there is no home-rule regulation, there is regulation by State bodies.

Mr. POPE. The Senator will note the language, "which will compete with any existing privately owned or operated public utility the rates of which are now subject to public regulation." It occurred to me that all such utilities are subject to public regulation in one way or another.

Mr. ADAMS. I think so.

Mr. POPE. So that this provision would amount to a prohibition against making loans to cities?

Mr. ADAMS. No; that is not its purpose.

Mr. HUGHES. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. HUGHES. I might say that in my State there is no regulation.

Mr. ADAMS. Delaware is an exception in many respects.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. SCHWELLENBACH. In fairness to the junior Senator from Delaware, I think the Senator should say that if the junior Senator from Delaware and his friends had been in power in the State of Delaware during the past 25 or 30 years, there would have been regulation.

Mr. ADAMS. I have no doubt of that. I assumed that was thoroughly understood.

Mr. HUGHES. We are in power now, but we are not in control of the legislature.

Mr. ADAMS. I think the Senator entirely understands the situation in Delaware.

Mr. President, in an effort to present in somewhat condensed form my own theory of an amendment which would be proper, I have prepared a substitute which I have been asked to submit, and which I shall read at this time in order to make it clear. I may later offer it as a substitute for the provision under discussion. My draft provides a limitation in reference to loans in the following language:

Nor for any municipal project which will substantially duplicate the services furnished by any existing public-utility plant the rates of which are fair and reasonable and are under public regulation, and which provides within the jurisdiction of such municipality adequate services of the same kind proposed to be furnished by such new plant.

That language seemed to me to prohibit grants in cases of unfair rates or inadequate service. The scope of the language is very limited.

Then, because of the fact that there is just apprehension that if there be limitations included in the law as to loans the Administrator would be taken into court by competing utilities, I have added to my suggestion the following:

The findings and decision of the Federal Administrator of Public Works upon all questions arising under this paragraph shall be final and not subject to review by any court.

In other words, I wanted to leave the field wide open to aid every community which, by any process of justice or reason, was entitled to help. The only utilities which would be protected against that type of Government-financed competition would be those, in the first place, within a city, those which were furnishing adequate service within the city, and those whose rates were fair.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. NORRIS. Who will determine that question? How can we keep out of court the question whether the rates are fair, and whether the service is adequate?

Mr. ADAMS. That is exactly the reason for the last sentence, which provides that the findings of the Federal Administrator of Public Works upon all questions arising under this paragraph shall be final and not subject to review by any court.

Mr. NORRIS. What is to prevent that question from being taken into court? It would go into court the first whirl out of the box.

Mr. ADAMS. Someone might go into court today and charge the Senator from Nebraska with murder. There is nothing to prevent people from going into court. The Senator knows that. There is nothing to prevent people from going into court and challenging any provision of any law, so long as there are lawyers willing to do the absurd thing.

Mr. NORRIS. Under existing circumstances, during the past several years since we have had a P. W. A., all the questions of law have been fought out and determined by the courts. Unless we should change the law by inserting some new language, no one would be able to get to first base in court, because the law has already been determined by the Supreme Court itself.

Mr. ADAMS. We are all familiar with the decisions which have met the problems raised in connection with the Tennessee Valley Authority. The Government has the full right to make its contribution if it sees fit. It has the right to build a plant to compete with a private utility if it wishes. There is nothing in the law yet which forbids anybody from going into court.

Mr. NORRIS. The reference I made was not to the T. V. A., but to the municipalities themselves. So far as I know, in every instance municipalities which undertook to take advantage of the existing law were haled into court, and their municipal plants were held up for 2 or 3 years without anything being done, and in many instances until the question of employment had disappeared.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BYRNES. At first glance I thought the Senator's proposal might avoid litigation; but it occurred to me that under the terms of the joint resolution a project may be approved only if started within a limited time. As the Senator says, there is nothing to prevent any individual or corporation from going into court. I have come to the conclusion that if individuals or corporations should go into the courts and secure injunctions, the beginning of the projects would be delayed beyond the time fixed in the joint resolution when they must start. I fear that the utilities could thus accomplish what they are seeking to accomplish and what the Senator from Colorado would not want them to accomplish.

Mr. ADAMS. I will say to the Senator from South Carolina that I have not offered the amendment. I had my ideas put into the form of an amendment in order to condense my own views. At the present time I have no intention of offering the amendment. I am opposed to the committee amendment. If I did not think it would interfere with the freedom of debate, I should move to lay the committee amendment on the table and dispose of it.

The junior Senator from Connecticut [Mr. MALONEY] has an amendment which I have not read with care, but which I understand embodies the intent of the amendment which at one time was drafted by the Senator from Kentucky [Mr. BARKLEY]. I do not want in any way to foreclose the consideration of that question, but I am trying to make it clear that so far as the majority of the Appropriations Committee are concerned today, they are not in favor of this amendment.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BYRNES. I ask unanimous consent that the Senator from Colorado be permitted to yield to the Senator from Kentucky [Mr. BARKLEY] to make a statement in his time.

Mr. McNARY. Mr. President, I shall object to that.

The PRESIDING OFFICER. Objection is heard.

The Senator from Colorado has the floor.

Mr. ADAMS. Just one other suggestion. It is my understanding that the statement which will be made by the Senator from Kentucky [Mr. BARKLEY] will give to the Senate an understanding of what the Public Works Administration and the administration mean to do. I have no right to anticipate his statement, but I understand that, if the committee amendment is stricken out, the actual program of the administration will afford protection in those cases which some of us think ought to be protected. In other words, I understand that the administration has no intention of engaging in unfair or destructive competition through the means of Federal grants or Federal loans.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. SCHWELLENBACH. It seems to me he has gone to great lengths in an effort so to word his proposed substitute as to protect against improper legal action. However, I should like to ask him if he does not recognize that under the language contained in his proposed substitute, strong as it is, the utility

companies would go into court and contest the constitutional right of the Congress to include in the law a provision delegating the power to an administrative agency, on the basis of which that administrative agency might act arbitrarily and capriciously, and contest very seriously, and with some considerable legal basis, the right of Congress to take away from the judiciary the determination of the question as to whether or not a governmental agency has acted arbitrarily and capriciously?

Mr. ADAMS. I think the argument of the Senator from Washington illustrates that he has in mind that there is nothing to prevent the imagination of attorneys for the utility companies leading them into court with some new, unsound, and imaginary theories. What I was trying to do was to make the decision of the Federal Administrator of Public Works final on these questions. When the Federal Government gives its money away the Federal Public Works Administration should be the final judge, and his decision should not be subject to review in court on the question of when the Federal Government should give money to a public body for that body to use in the construction of a public utility.

Mr. KING. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. KING. The Senator does not take the position, does he, that the Federal Government, by making grants, may deliberately destroy private property, and then deny to the person whose property is being destroyed access to the courts? I agree with the Senator from Washington, if I correctly understand his statement. We may not deny to an individual, even though his claim may be fantastic, the right to invoke the power of the courts to determine whether his constitutional right of property has been denied him.

Mr. ADAMS. Of course, we cannot deny the right of anyone to go into court. However, the Supreme Court of the United States has settled the question of the right of the Federal Government to do these things. In the next place, if my proposal were enacted into law it would make the decision of an administrative officer final and conclusive upon questions of fact.

We have voted such provisions in many of the laws which we have passed. Senators are familiar with them; they have voted for many of them in an effort to expedite these provisions. As I have said, it is because of that that I am willing to vote and expect to vote against the committee amendment, and I probably will vote against other amendments, because I am advised now, as I think the Senate will be advised by the Senator from Kentucky, that the thing that might have been apprehended will not occur, and it is better to leave in the hands of the administration perhaps the power to do an injustice than to impose restrictions which might prevent the doing of a necessary and appropriate act.

I took the floor because of things which have been said indicating a wrong attitude upon the part of the committee. I think a very substantial majority of the committee is in entire accord with what I have said, but, coming here as chairman of the subcommittee, I did not want to have the committee misrepresented before this body. I wanted to present to the Senate the fact that further study of the amendment, which was hastily drawn, had led members of the committee personally to feel that it ought not to be adopted.

Mr. BARKLEY. Mr. President, in view of the situation which has arisen with regard to this amendment and an amendment to it or a substitute for it which I had planned a week ago to offer, and which I have abandoned, I wish to make a very frank statement about how the matter arose and what followed with reference to it.

At a conference some days ago with the President which was attended by Vice President Garner, Speaker Bankhead, House Leader Rayburn, and myself, the question of the propriety and wisdom of the committee amendment prohibiting the allocation of any funds from this appropriation for the construction of competing public utilities in States, coun-

ties, or other political subdivisions in which there is an existing plant, came up for discussion. The President took the position that Federal money ought not to be allocated for the construction of public utilities where there is an existing private utility whose rates are regulated by a public authority until and unless the municipality or other political subdivision made in good faith an offer to purchase at a fair price the existing privately owned and operated plant. This position was agreed to by all those present at the conference.

As a result of this discussion and understanding, I prepared and intended to offer an amendment to the pending joint resolution carrying out this idea. In other words, I prepared and had intended to offer an amendment which in substance would prohibit the allocation of funds carried in this relief appropriation for the construction of competing publicly owned utilities in cities where there is a privately owned utility whose rates and practices are being regulated by public authority unless and until the municipality had offered in good faith to purchase the private utility at a fair price and such offer had been rejected.

Upon further consideration, however, it was discovered that such a provision would very probably result in litigation as to the fairness as well as the good faith of any offer made by a municipality to purchase an existing plant. It was realized that with such a provision included in the law, it would be possible to bring about much litigation in the courts over the question of fair price and its acceptance or rejection and that, in view of the limitations of time contemplated for the beginning and completion of projects for which these appropriations are made, such delays might occur in the prosecution of injunctions and other forms of litigation as to nullify and make useless any allocation of funds that might be made for the construction of a utility plant where in good faith a fair price had been made to purchase the existing private plant.

In view of these circumstances it has been thought best not to offer the amendment so as to carry in the law itself a provision involving the possibility of endless delay by litigation.

For this reason I will not only not offer the amendment which we discussed and contemplated, but I oppose the amendment which the committee has inserted in the bill prohibiting the use of any of these funds under any circumstances for the erection of a competing utility where one already exists. I am authorized to say that the President assumes the same position; in other words, he takes the position that it is unwise to prohibit altogether the use of funds for this purpose regardless of circumstances, and he believes it unwise to write into the law a provision regarding the good faith or fairness of an offer for the reasons which I have set forth.

However, I am authorized by the President to say that he has not changed his opinion as to the propriety or wisdom of allocating Federal funds for the construction of publicly owned utilities where there is an existing utility giving adequate service and whose rates are regulated by public authority unless and until the municipality has in good faith made an offer to purchase the private utility at a fair and reasonable price. And I am authorized to say that it is his purpose to carry out this policy in the allocation of any funds under this appropriation for the construction of public utility plants, and that he does not contemplate or expect or intend to allocate funds out of this appropriation for this purpose unless and until such municipality as may apply for such an allocation has in good faith made an offer to purchase the existing private plant coming within the above description at a fair and reasonable price. In other words, it is not his purpose to allocate funds from these appropriations to set up competing publicly owned utility plants without giving to the privately owned utility plant an opportunity to sell its property at a reasonable price to the public which desires and is authorized to engage in the construction and operation of such a plant under the laws of the State where located.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from South Carolina.

Mr. BYRNES. In connection with the statement of the views of the President, the Senator, of course, has in mind that while title I places the expenditure of the money appropriated in the officials of the departments, under title II the expenditures can be made only with the approval of the President, so that his statement governs the expenditures.

Mr. BARKLEY. Oh, yes; I thank the Senator for calling my attention to that. Under the provisions of the pending joint resolution all these allocations, in the last instance, have to be approved by the President, and in making the allocations for the construction of public-utility plants in municipalities that are authorized under the law to do so, and in passing upon the allocations and determining whether any of them shall be made, consideration is to be given to the circumstance whether a bona fide offer has been made to purchase the existing plant at a fair and reasonable price.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Idaho?

Mr. BARKLEY. I yield.

Mr. BORAH. May I ask the Senator from Kentucky, on the question of good faith and fair and reasonable price, who is the final judge as to those matters?

Mr. BARKLEY. Of course, the President will be, as he must be in that as in all other matters, because it is left to him finally to determine whether an allocation shall be made at all; and even when an offer in good faith has been made by a municipality to purchase an existing private plant at a fair and reasonable price, the President, under the pending measure, would have the power to deny either a loan or a grant for such purpose. So, of course, he would have the final determination as to whether an offer had been made in good faith and at a fair price. Though he were inclined to make the allocation under those circumstances, he could deny the application for the loan or grant, even if the conditions set out in the statement which I have read were complied with. I will say to the Senator that there is a very potent reason for not including it in the law, because, the President being the final authority in all these allocations, loans, and grants, and intending not to make them for this purpose except where these conditions have been complied with, no possibility is involved of long delay over the question of good faith or fairness of the price, since whether he will make the loan or the grant under any circumstances is a matter in his discretion; whereas the possibility of long delay would be involved, and might result in litigation, if the policy were set out in the law itself.

Mr. BORAH. In other words, if the President comes to the conclusion that the offer is not in good faith, or that the price is not reasonable, he is then entirely free to enter the field with his allocations?

Mr. BARKLEY. No not at all. If he should reach the conclusion that the offer was not in good faith and not a fair and reasonable price, he would have no reason in the world to make the allocation.

Mr. KING. He would be forbidden to do it, would he not?

Mr. BARKLEY. No, he would not be forbidden to do it, but he has no intention of doing it. If there were such a case as an offer made not in good faith, of course, the President would not be justified in making an allocation to any concern or anyone. If he should reach the conclusion that while the offer was made in good faith the price was not reasonable and fair, he would still deny the allocation. He has the power to deny it even where he is convinced that the offer is made in good faith, and the price is reasonable.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from New Mexico.

Mr. HATCH. As I understand the statement the Senator has made, it is simply to the effect that before a municipi-

ality, say, could obtain a loan or grant under this provision where there was an existing private utility, the municipality would first have to show in the application, let us say, that it had made a fair and reasonable offer for the private utility, and that the offer had been refused.

Mr. BARKLEY. Although the terms of the application cannot be set out in the law itself, I think that under the statement of the policy of the President, when a municipality applied for a loan or grant, or both, to construct a public utility, it would be required to show whether there was an existing plant in the municipality, and whether it had made in good faith an offer to buy the plant at a reasonable price, because if the municipality did not set out those facts in the application, of course, the President would require it, by supplemental information, to supply the deficiency.

Mr. BORAH. Mr. President, just one further question. At some time or other someone would have to determine the question of good faith in case the transaction occurred at all, and also the reasonableness of the price.

Mr. BARKLEY. That is correct.

Mr. BORAH. And that would be the President of the United States?

Mr. BARKLEY. That would be the President of the United States. Of course, an instance might arise in which an offer was made by a municipality which was not authorized under the law of the State to purchase or to construct its own public utility. If the municipality made an offer without any authority to go through with it, manifestly that could not be regarded as being an offer made in good faith, because it could not be carried out.

Mr. KING. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. KING. The Senator now is touching upon the question about which I intended to inquire.

I am told that there is in the joint resolution a provision, regarding which there has been considerable comment, under the terms of which the President, or the authority administering the law, would have a right to abrogate existing limitations upon municipalities, so that though there was a prohibition against such action in the constitution of the State or in the act under which the municipality performed its functions, it could be violated, and the municipality could obtain a grant which later on might be repudiated by the taxpayers, and no compensation then would result to the Government for the grant or the loan which had been made.

Mr. BARKLEY. I think the questions of fairness and bona fides must go along together with respect to offers to purchase existing plants.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from South Carolina.

Mr. BYRNES. The Senator from Utah is now referring to a section of the joint resolution which was stricken out in the committee.

Mr. BARKLEY. Yes; that matter really is not involved here at all.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Ohio.

Mr. BULKLEY. How would this principle apply to the question of extending an existing municipal light plant when there is already a privately owned public utility in the community, as there is in the city of Cleveland? Would it be necessary for the city of Cleveland, in order to get funds to extend an existing municipal light plant, to make an offer to buy out the whole public utility?

Mr. BARKLEY. Oh, no; I do not think so. Of course, that is one reason against putting in the law itself anything on the subject of fairness of the offer, because the matter must be left to somebody who will have a flexible discretion with respect to the use of the power; and, under this policy, that must be the President. If there are competing plants in the city of Cleveland or any other city,

one of them private and the other public, and the publicly owned utility desired to extend its facilities—

Mr. BULKLEY. That is exactly the situation today.

Mr. BARKLEY. I do not interpret the President's policy to be that before he could consider such a loan or grant, the publicly owned utility would have to buy out the private utility occupying a part of the city not contemplated by the extension desired by the publicly owned utility. So I do not think there is anything in this policy which would prevent the President from making a loan in a case like that.

Mr. BULKLEY. The publicly owned utility wants to expand primarily for the production of current to be used in public service to the city.

Mr. BARKLEY. I do not think the President would be barred, even by his own declaration of policy, from making a grant or a loan in a case like that, because it would not involve the question of the purchase of a competing private plant in a community that desired the grant or the loan.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from South Carolina.

Mr. BYRNES. When the Senator from Kentucky first proposed the amendment to which he refers I agreed with the proposal. After considering it, I reached the conclusion which the Senator from Kentucky has announced in his written statement, that if the provision were written into the law the power companies would go into court and delay the projects so that they never could be constructed.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. BARKLEY. Mr. President, I shall not take any time on the joint resolution, because, if an amendment is offered along the lines of or in any way pertaining to this subject, I shall have time to speak on the amendment.

Mr. MALONEY. Mr. President, several days ago I sent to the desk and had read a proposed substitute for the amendment now under consideration. I should like to call up that substitute.

The PRESIDING OFFICER. The amendment offered by the Senator from Connecticut in the nature of a substitute for the pending committee amendment will be stated.

The CHIEF CLERK. On page 21, beginning with line 2, it is proposed to strike out through line 5 and to insert in lieu thereof the following:

And no funds appropriated under this title shall be allotted for any project of the character described in clause (2) or (3) of subsection (a) of this section which will compete with any privately owned or operated public utility whose rates are subject to public regulation on the date of enactment of this joint resolution (1) until such public utility has been notified by the Administrator that a competing project of such character is proposed to be financed with such funds, and (2) until such public utility (A) has rejected, or has failed to accept within 30 days after it is made, a bona fide offer by a public agency, or by or on behalf of the United States, to purchase the property of such public utility at a price fixed by a board of arbitration appointed as hereinafter provided, or (B) has failed to appoint within the time specified a member of the board to be created for the purpose of fixing such price: *Provided*, That the board of arbitration in each such case shall consist of three members, of whom one shall be appointed by the public utility, one by the public agency which is to construct such competing project or to which such project is to be leased, and one by the two members so appointed, and all such appointments shall be made within 30 days after the notification by the Administrator to public utility as provided in clause (1) of this subsection: *Provided further*, That if the members of any such board appointed by the public utility and the public agency are unable to agree upon the third member of the board within such 30-day period, then the Governor of the State in which the competing project is proposed to be located shall, within 10 days after the expiration of such period, appoint a third member of such board: *Provided further*, That the price fixed by the board for the property of the public utility in any such case shall be fair and reasonable, shall be agreed upon by at least two members of the board, and shall be fixed within 60 days after the third member of the board is appointed: *Provided further*, That in any case in which the Governor of any such State fails to appoint a third member of a board of arbitration within the time specified for such appointment by him, and in any case which any such board fails to fix the price for the property of the public utility within the time specified therefor, funds appropriated under this title may be allotted for the competing project.

The PRESIDING OFFICER. The question is on agreeing to the amendment, in the nature of a substitute, offered by the Senator from Connecticut [Mr. MALONEY] to the amendment reported by the committee.

Mr. KING. Mr. President, this is an important matter. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson, Calif.	O'Mahoney
Andrews	Copeland	Johnson, Colo.	Overton
Ashurst	Davis	King	Pepper
Austin	Dieterich	La Follette	Pittman
Bailey	Donahay	Lee	Pope
Bankhead	Duffy	Lewis	Radcliffe
Barkley	Ellender	Lodge	Russell
Berry	Frazier	Logan	Schwartz
Bilbo	George	Loneragan	Schwellenbach
Bone	Gerry	Lundeen	Sheppard
Borah	Gibson	McAdoo	Shipstead
Brown, Mich.	Green	McCarran	Smathers
Brown, N. H.	Guffey	McGill	Smith
Bulkley	Hale	McKellar	Thomas, Utah
Bulow	Harrison	McNary	Townsend
Burke	Hatch	Maloney	Truman
Byrd	Hayden	Miller	Tydings
Byrnes	Herring	Milton	Vandenberg
Capper	Hill	Minton	Van Nuys
Caraway	Hitchcock	Murray	Wagner
Chavez	Holt	Neely	Wheeler
Clark	Hughes	Norris	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. McADOO. Mr. President, I send to the desk an amendment which I intend to offer to the pending joint resolution, and ask that it lie on the table.

The PRESIDING OFFICER. The amendment will be received and will lie on the table.

Mr. MALONEY. Mr. President, before I start a brief discussion of the amendment which I attempted to explain to the Senate a few days ago, I should like to point out two typographical errors in the substitute just read by the clerk.

On line 15, page 2, the word "the" is omitted after the word "to," and on page 3, line 5, after the word "case," the word "in" is omitted.

Mr. President, I have been very much impressed by two statements made on the floor this afternoon, one the statement of the Senator from Colorado [Mr. ADAMS], who is in charge of the joint resolution, and the other the statement of the majority leader, the Senator from Kentucky [Mr. BARKLEY].

I stated in discussing my proposed amendment a few days ago that I was opposed to the so-called committee amendment, but because that is now so completely abandoned, and because of the discussion of it by the Senator from Colorado, which seems to express the views of the committee, I shall say no more about it than that, as I stated a few days ago, I am opposed to the committee amendment.

I am tremendously impressed by the statement made by the Senator from Kentucky in which he expressed the views of the President of the United States. I am sure that the President is not familiar with the substitute proposal I have offered. I am in accord with the statement of the Senator from Kentucky, of course, and in hearty accord with the views he carries from the President. But I should like to emphasize the fact that my amendment does nothing more than supplement that splendid statement and attitude of the President of the United States.

I should like to say again that I firmly believe that when the States of the Union provide that municipalities may own and operate their own power plants, the Federal Government, under a program of this sort, should be permitted to make loans and grants to those municipalities. I believe in public ownership if the people of a community decide by their vote that they desire public ownership.

At this point I should like to say that there is no power issue involved in my amendment. Regardless of whether or not the amendment shall be adopted, I want to point out

that my State is in no wise affected by this part of this bill. If I understand the law of my State, loans and grants cannot be made under the pending measure except in keeping with the kind of a proposal I am making.

I desire to make a little bit of a personal reference here in order that I may not be misunderstood at home. Very recently an election was held in my State in which power was an issue. The people of the community there were insistent upon a reduction in power rates, and the candidate sponsoring that issue was successful in the election. Because I believe him a man of earnestness and sincerity, I feel sure that he will pursue the program outlined in his campaign. I want the people of that community to know that, regardless of what happens to this proposal of mine, there will be no effect on their desire unless my amendment may be helpful.

I do not wish to see competition in the field of public utilities if it can be avoided. I tried to point out a few days ago that we had suffered tremendously in this country because of a duplication in the railroad field, that there was a great waste where parallel lines were in operation, to the misfortune of the stockholders of the railroads, and now to the misfortune of the taxpayers of the country, as well as the employees of the railroads.

We can avoid waste. I firmly believe the President of the United States; I am absolutely convinced that he would act under the proposed law in accordance with the statement of the Senator from Kentucky. But I insist that my proposal will make it easier for him to carry out what he has in mind. He recognizes the danger of competition, and he recognizes the wastefulness of that competition; so he is reluctant to make loans to municipalities where there are existing utilities, and would demand that a fair offer be made for such a utility.

Mr. President, my amendment provides the way. It does, however, give the millions of investors in utilities securities a voice in any controversy which might ensue. It gives them representation at a table of arbitration.

The amendment provides, first, that when a request is made for a loan or a grant, or both, the Administrator of Public Works shall notify the affected utility, and that utility may appoint one member of a board of arbitration. It next provides that the municipality desiring the loan or grant may name a second member of such a board of arbitration, and it definitely provides that this action must be taken in a very limited period of time.

It provides, further, that these two persons shall select a third and final member of the board of arbitration. But it is obvious that a utility desiring to obstruct or one which was obstinate, might fail to agree upon a third person, and, to safeguard against any such situation, provision is made that in the event of failure on the part of the first two members of the board of arbitration to appoint a third within a limited period of time, the Governor of the State in which the proposed plant would be erected would be required within a more limited period of time to name the third member.

We have no control over the sovereign States in matters of this sort, and there is the remote possibility that for some reason or other, good or bad, the Governor might fail to appoint the third member of the board of arbitration. So the amendment proposes to make every safeguard on behalf of the municipality and the people of the municipality desiring their own plant, and provides that in the event of failure on the part of the Governor, the loan or the grant may be immediately made.

Mr. President, that is all the amendment would do. I have no political friendship with the power interests. I dislike to say it here, and I do not know that I wear it as a badge of honor, but if there are any liberal utility organizations in my State—and I do not admit there are—the most liberal of them condemned me in its annual statement for my votes in Congress on power questions, particularly for my vote for the

death-sentence provision in the Public Utility Act of 1935. I do believe, however, that I have the respect of the utility people in my State, because I think they believe that I am fair. Because I aim to be fair I offer this amendment at this time.

I wish to protect the millions of people who have investments in this field. I want to protect the millions of insurance policyholders who are involved, because insurance companies hold utility stock. I desire to make certain that invested capital is not impaired. But I do not particularly insist upon emphasizing those arguments, Mr. President. I want to make another kind of argument.

I said in the beginning of my remarks that no power issue should be involved in this matter. Mr. President, this is a relief measure. It has been properly described by those in authority as a pump-priming bill. I do not suppose that any Member of the Senate believes that the Government of and by itself, at the expense of the taxpayers of this country, can go on indefinitely providing jobs and relief for those millions of people who are unemployed. I presume that it is because of a realization of that fact that this measure is called a pump-priming bill. To me that indicates that the Government is aware, to the last man, that we can hope for no more from the relief legislation which we are repeating this year, and which we will repeat again next year, than resulted from such legislation in the past, Mr. President, unless we adhere to the description of the measure that I make now, that this is a pump-priming bill; that it is intended to speed up private industry, that it is to make the pump of private industry and private capital work.

I assume that because this is a pump-priming bill we understand that we cannot go along without the help of private industry and private capital and that the Federal Government cannot carry the load alone. I presume that the Members of the Senate believe that this is the right way to do it; that the way of providing employment for men is through private industry. No other way exists under the capitalistic system. The profit system will pass, unless the burden of providing employment is carried by private capital and by private industry.

So, Mr. President, I offer my amendment as a measure of protection to those who have invested their money and to encourage a free flow of private capital into industry, particularly into this tremendous and important industry.

I must take time to say that I feel that the utility people have abused their privileges, that for altogether too long they have been exploiters of the public, that in too many places rates are still too high. I have a feeling that in some places near at hand to me those entrusted with the supervision of utility affairs have been a little careless of the common welfare and the public good. However, two wrongs do not make one right.

I believe that the President of the United States will carry on as the message of the majority leader indicates, but I do not believe that he is fairly provided with all of the necessary machinery with which to undertake what may be proposed under this measure unless some such amendment as mine shall be adopted. Without a provision of the machinery, as the Senator from Idaho asked in a brief colloquy with the majority leader, who is to determine what is the proper price? I do not doubt the qualifications of the President in that respect, but he has not the time to give to each problem. He cannot take care of it. The work must be delegated to someone else. To whom? My amendment proposes a way to delegate the work, in which the municipalities involved, the utilities involved, and the general public have a say, compelling action within a very limited period of time, and taking fear out of the minds of the potential investors of this country, and fear out of hearts of those who have already invested their money.

Those of us who voted on the side which may be considered the opposite side from that of the power interests, have asked

for the help of those investors and potential investors in getting us out of the present depression. They furnish employment for hundreds of thousands of men. We are told, and I believe, that there is a great field left untouched, that there is an opportunity for the further expenditure of a great amount of money in the utility field, and we are told that if we can quiet the fears of the country and can give encouragement to those who have money to invest, there will be money coming into the utility field, that men will be given jobs, that fear will be abandoned, that confidence will be restored, and that we can proceed on the too long delayed march toward better times.

I do not want long to delay a further consideration of this relief proposal, and I want to point out now, Mr. President, for the Record, that whether or not my amendment is adopted, I am in favor of the pending joint resolution. I believe in the pending spending program to protect the Nation against a contracting economy. If I have any doubt about it, the doubt is that the amount provided may not be sufficient to carry us through until Congress returns next January.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. MALONEY. I shall take my time on the bill.

I have just one more point to make, Mr. President, as to what will occur if there shall be a slip, if authority is granted and loans are made to provide this kind of assistance to municipalities, and there is a duplication of utility plants in some places. I want the Members of the Senate to see clearly the picture. The taxpayers on one hand are building a utility in competition with the taxpayers on the other hand. We see the taxpayers and the investors over here on one side, and the taxpayers and the investors and the small insurance policyholders over here on the other side; the taxpayers on the one side being in competition with respect to the sale of power with the taxpayers on the other side.

Mr. President, I cannot see how my proposal will cause delay. I must assume that the argument will be made that it will give the utility company a chance to hang its coat upon a peg of procrastination. I cannot see that, Mr. President. It seems to me that my amendment would avoid delay; that it would speed up a consideration of individual proposals.

As I close I must particularly emphasize the fact that the proposed legislation has no effect upon the utilities of my State, because of the law peculiar to my State. In Connecticut there has been provision made with respect to the manner in which the public ownership of utility plants may be undertaken. The legislation does, however, affect the people of my State, because it might affect the economic situation generally. It does affect the people of my State, school teachers, small-business men, workers in factories, and countless others, who have a little money invested in utilities outside of my State. Connecticut has no other stake in the proposal under consideration. In my own behalf I may lay emphasis upon the fact that I have compelled the utilities of my State to reduce their rates. I have prevailed upon them to change certain contracts. I have not been in the position of being on their side in the votes I have cast while I have been a Member of Congress. But, Mr. President, we owe them fairness for the sake of fairness. We owe them this protection for our own sake. We owe the investors in the utility field and the potential investors in that industry the encouragement to send future and additional money into this gigantic enterprise which can do so much to return us to good times in America.

Mr. HALE. Mr. President, I have listened with interest to the remarks of the Senator from Connecticut. I think the amendment to the committee amendment offered by the Senator from Connecticut is a reasonable one, and I shall be glad to support it.

The purpose of the committee amendment is to prevent the granting or loaning by the Public Works Administration of the funds provided in section 201 of the joint resolution to States, Territories, possessions, political subdivisions, or other public bodies—herein called public agencies—to enable them to develop projects that will compete with existing privately

owned utilities, or, through the threat of such competition, to drive such utilities into selling out to the municipalities. The Senator's amendment permits the granting and loaning of the funds, but provides for a fair offer to the existing utility for its property before the project goes into effect.

Since 1933 the Government has paid out under the public-works program in loans and grants a total of one-hundred-and-thirty-two-and-odd-million dollars for electrical facilities, which, in Secretary Ickes' own words, may be said to be competitive with existing facilities. These figures appear in a table furnished by Secretary Ickes, which appears in the House hearings on page 448. The figures involve projects whose estimated cost is one-hundred-and-ninety-five-and-odd-million dollars for electrical plants alone.

On pages 391 and 392 of the House hearings is another list furnished by Secretary Ickes, showing approved power projects of a total estimated cost of one-hundred-and-forty-five-and-odd-million dollars, on which the Government is to furnish ninety-and-odd-million dollars in loans and grants. These projects are not all competitive projects. On page 483 of the House hearings Mr. Gray, of the Public Works Administration, inserted a list of projects, the total cost of which is forty-four-and-odd-million dollars, which the table states will be operated in direct competition with present privately owned facilities. The break-down of this list shows thirty-six-and-odd-million dollars to be contributed by the Government in loans and grants. I have been told that some of the approved projects which are not included in this list, such as the San Francisco electric-distribution project, which involves a grant of twelve-and-odd-million dollars, are distinctly competitive. All the approved projects are ready to go ahead as soon as the joint resolution becomes a law. In other words, the Public Works Administration since 1933 has expended considerable sums of money to be used in direct competition with existing privately owned utilities, and has a set-up ready for operation for the expenditure of considerable additional sums of money.

The result of this policy of the Public Works Administration, and the threat that is held over every privately owned company that at any time it may be confronted with the choice of operating under disastrous competition or selling out at whatever price it can get, has decreased the value of the securities of the utilities and has materially affected the credit of the privately owned companies with the banks. It has prevented them from making improvements which, as the committee was told by Mr. Gadsden, the head of the public utilities executives, run into hundreds of millions of dollars. These improvements would put great numbers of men to work.

Mr. President, in this morning's New York Times I find a short editorial, which I shall read. It is entitled "Putting Men to Work."

On the ground that flexibility is essential, the President yesterday requested that no restrictions be placed on his power to spend the enormous funds that will be made available by the new pump-priming bill. This is essential, he said, if the Government is to achieve its purpose of putting the greatest number of unemployed to work in the shortest time. But there is one situation in which restrictions on spending would very definitely help to put men to work. This is in the use of Government money for the purpose of subsidizing competition with the public-utility industry.

There is today a lag of two and a half billion dollars in new utility construction. One unmistakable reason for this lag, which has meant the loss of orders for hundreds of companies and the lack of employment for thousands of men, is that the public-utility industry has been kept in a state of confusion for the last 5 years, never knowing when or where or how suddenly the Government would decide to make an outright gift of funds for the purpose of duplicating some existing utility facility. An industry does not expand under these conditions.

Pending before the Senate at this moment is a plan to place certain restrictions on the future use of Federal money for public power plants. In the interest of increasing employment, as well as in justice to the taxpayer, such restrictions ought to be adopted. For there is no reason whatever to believe that a few million dollars spent here and there for the purpose of duplicating some private property can possibly create as many jobs as a truce that would revitalize the whole utility industry by

putting an end to the threat of indiscriminate competition by the Government.

The utilities have made their blunders. It is folly to penalize them now by keeping idle craftsmen out of work.

I also wish at this time to read a letter which I have received from Mr. Waldo S. Kendall—

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER [Mr. MINTON in the chair]. Does the Senator from Maine yield to the Senator from Tennessee?

Mr. HALE. I yield.

Mr. McKELLAR. The Senator said something about the large amount of money which would be spent by the public utilities. The Senator will recall that Mr. Gadsden, who I believe is the lobbyist for the power interests, appeared before our committee and stated the facts about what the utilities had been spending. For instance, in 1932 they had reached the point of \$750,000,000 a year, and during the past year they spent \$450,000,000. So that the difference between \$450,000,000 and \$750,000,000, while it is a very large sum, would not account for very much employment.

Mr. HALE. In answer to the Senator's question, I will say that the statement in the editorial about the two and a half billion dollars which would be spent represents the aggregate of the slow-up over a period of years. I have already said in my statement that Mr. Gadsden stated that confidence on the part of the utilities would lead to the making of improvements which would put many hundreds of millions of dollars into circulation.

Mr. McKELLAR. The very best he testified to was \$300,000,000, the difference between what they were spending in 1929 and what they are spending now.

Mr. HALE. In what I have already stated, Mr. President, I have said that the expenditures would run into hundreds of millions of dollars. The Senator cannot find fault with that statement. He may find fault with the editorial.

Mr. BONE. Mr. President, will the Senator yield?

Mr. HALE. I am somewhat limited in my time. I should appreciate it if the Senator will allow me to go on.

Mr. BONE. I should like to ask just one question. Is the money to be spent in rural districts, or in cities and urban districts?

Mr. HALE. Mr. President, I was about to read a letter sent to me by Waldo Kendall, president of the Security Dealers Association of New England. I read:

SECURITY DEALERS ASSOCIATION OF NEW ENGLAND,
Boston, May 27, 1938.

Re section 201 of the relief bill.

HON. FREDERICK HALE,

Senate Office Building, Washington, D. C.

DEAR SENATOR HALE: With 35 years of experience in the investment business practically entirely in the private investor field in conservative securities, especially of public-utility nature, I feel that I can speak with definite authority in regard to the dangers of any provision in the bill in question that would permit of competition with privately owned utilities through municipally owned plants.

From my observation, the troubles of the country are summed up in the lack of confidence on the part of anybody who owns securities or has money in the bank, as regards his future income. This lack of confidence has been increasing from month to month as the stagnation in the securities markets only too well attests. Confidence is the cement that binds all the other ingredients together, as you as a businessman well know.

Now comes this terrifying proposal, the extent of the results of which would be shown only in the event, to add to the fear of the future. I only wish that legislators could sit at my desk day in and day out and hear the reports from salesmen as to the terror, and it is nothing less, that possesses especially the minds of small investors.

Then they would know that there could be no increase in the national income sufficient to support adequately the present burden of taxation, unless there is an alleviation of their lack of confidence in the future, a lack which is making for smaller expenditures for all the luxuries and for many of the necessities of life.

I hope, therefore, that your committee and the Senate will act with due consideration of these facts in mind.

Very truly yours,

WALDO KENDALL,

President, Security Dealers Association of New England.

As I have said, the purpose of the committee amendment is, as far as possible, to stop using the funds of the Government to encourage this unfair and ruinous competition.

Under the bill as it came over from the House, the Public Works Administration may grant outright 45 percent of the cost of a project to municipalities and other public agencies, and may loan to them up to 55 percent. In other words, the Public Works Administration may assume the financing of the entire project, and actually contribute as a gift 45 percent.

If a municipality decides to start a municipal project in a field occupied by a privately owned utility, the municipality has the choice of buying out, with funds of its own, the existing utility and taking over its plant and then coming to the Public Works Administration for a loan and grant on whatever expansion it may decide to make, or of getting a loan and grant on an entirely new plant and then competing with the existing company. Under Public Works Administration regulations a grant may not be used for the purpose of buying an existing plant.

In most of our towns and cities there is not room for two such plants, and the disastrous effect of the coming competition practically forces the existing company to sell out on whatever terms it may obtain. As the municipality gets from the Public Works Administration 45 percent of the cost of the new plant and a loan on such part of the remaining 55 percent as it cannot furnish itself, and as it has the added advantage of not having to pay any taxes, in the long run it is so certain to drive the old plant out of business that it should be able to acquire the old plant for little more than junk value plus a certain amount for nuisance value.

The statement of the Senator from Kentucky [Mr. BARKLEY] this morning was an excellent one, but I do not think that we ought to depend on any statement of intention. I think we ought to fix definitely in the law some provision which will make sure that the private companies when they are put out of business will receive a fair and a reasonable amount for their property.

Mr. NORRIS. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Nebraska?

Mr. HALE. I yield.

Mr. NORRIS. Can the Senator frame language that would not put on somebody the responsibility to decide whether the price was fair and also the responsibility of deciding several other questions? The Senator says he wants to put such a provision in the law. Who would decide the question if we should put it in the law?

Mr. HALE. Mr. President, under the amendment of the Senator from Connecticut, which I approve, the matter would be decided by a fair board of arbitration.

Mr. NORRIS. What about the suggestion of the Senator from Colorado that the Administrator determine the question or the suggestion of the Senator from Kentucky that the President determine it? In other words, somebody must determine it, must he not?

Mr. HALE. Yes, but I think if a fair board of arbitration were appointed, one member of which represented the municipality, one represented the existing utility company, and one was appointed by the two, it would be a fair body to decide the question.

Mr. NORRIS. Does the Senator think that the two would be able to select a third who would agree with the others?

Mr. HALE. I think they could select someone who would agree with one or the other.

Mr. NORRIS. Is not that contrary to most of the Senator's experience? When a lawsuit is tried are the defendant and plaintiff both put on the jury? Would the Senator let the plaintiff and the defendant in a case select the men who are to try the case?

Mr. HALE. If they could not agree, under the provisions of the amendment of the Senator from Connecticut, it

would be the duty of the Governor of the State to appoint a third member.

Mr. NORRIS. Suppose the Governor should not do it or suppose he should after all it would be up to somebody to decide whether the price was fair or whether it was not?

Mr. HALE. I do not think it should be up to the man who decides that the existing company is to be put out of business.

Mr. NORRIS. Does the Senator want the company itself to select the judge or does he want the municipality to select him?

Mr. HALE. I just told the Senator that I think that a board, one of whose members was appointed by the utility, one by the municipality, and the third by the two thus selected, would be a fair board.

Mr. NORRIS. The private company selects one and the municipality selects one, and, if they do not agree on the third, then the Governor is to make the selection; but if the Governor does not do so, then should we say to the two, "You settle it"? That, of course, would be an impossibility. If they should be able to settle it, could any language be devised by which the question could be kept out of court? Either party could go into court and even up to the Supreme Court of the United States.

Mr. HALE. Mr. President, if the Senator will allow me, I will proceed with what I have to say.

Armed with the deadly club of the Government grant and loan for the new plant, the municipality is ready to make what terms it deems advisable with the existing company or to go ahead and build its new plant. Obviously, if it can acquire the old plant for a sum of money less than the 55 percent which it must furnish either from its own resources or through Government loan, it is better off if it does so, and it will then operate the old company itself. If not, it will go ahead under the loan and grant and build its competitive plant. In the first case, it will call off its transaction with the Government, the proffered Government aid having accomplished its purpose. In either case the privately owned utility faces almost certain ruin.

The purpose of the pending joint resolution is to afford work relief to the unemployed. Should the existing company be forced to sell out and the municipality should take over its plant and operate it, no additional work would be furnished by the transaction, and no additional men would be employed unless the municipality made extensions through a grant and loan from the Government. Clearly, therefore, if the existing company is forced to sell, as in most cases it will be forced to sell, the project is not in the main a relief project at all; and so far as the public utilities are concerned, section 201 merely sanctions the Government's providing or threatening to provide the resources to put the existing utilities out of existence in order to bring about Government ownership.

The PRESIDING OFFICER. The time of the Senator from Maine on the amendment has expired.

Mr. HALE. I will proceed on the bill.

The purpose of the pending amendment is not to check competition by municipalities and other public agencies, but to protect the existing privately owned utilities from practical confiscation of their property.

If the service of an existing company is not good, the municipality or other public body has at present the right to borrow money from the Reconstruction Finance Corporation, and if it has a good case it can get a loan from that institution. Clearly it is a most unfair proposition that the Federal Government should interfere with existing privately owned utilities by granting outright to any municipality or public body nearly one-half of the cost of its project in order to put out of business the existing company and make no provision for the protection of its property rights which the Government has assisted in destroying.

I can conceive no greater blow to business in general in this country than the failure on the part of the Congress to adopt this or some equally reasonable amendment. On

the other hand, I believe that its adoption would do more than anything we could do at the present time to indicate that the Federal Government is not, as many have claimed, using its strength and resources to destroy the lifeblood of the country, American business.

Time after time the President has called on business to take up the slack of unemployment. Failure to do so, he tells us, makes imperative enormous appropriations for pump priming. I wish in all fairness that someone would tell me how it is possible for the public utilities, which constitute one of the largest industries in the country, to do their part in taking up the slack, when with direct financial aid from the Government, under the guise of appropriations for work relief, they are to be put out of business.

Mr. NORRIS. Mr. President, it is my desire to show that the pending substitute and also the committee amendment and any other amendment or substitute that may be suggested should be voted down by the Senate.

Under the existing law for several years the P. W. A. has been making grants to municipalities to build municipal electric-light plants. I do not know of an instance where the power interests have not taken every one of those cases into court and secured an injunction. There may be exceptions, but I cannot call any to mind. Those injunction suits have gone through the courts, and finally been passed on by the Supreme Court of the United States. So the law has become well settled, and no more injunction suits can possibly be commenced under the existing law, which is contained in this bill as it comes to us from the other house.

So if we reject all these amendments, the result will be that we have probably made it impossible for injunctions to be brought in the courts. If we put in the joint resolution either the committee amendment or any substitute for it, and especially one such as the one pending—which is offered, I concede, in the best of faith but which contains dozens of provisions of which a shrewd lawyer may take advantage and commence an injunction suit—we shall have made it possible for the private utilities of the country to hold up every single one of these proposed improvements by injunctions, and to travel the same road they have traveled during the last 2 or 3 years.

Mr. BROWN of Michigan. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BROWN of Michigan. The amendment of the Senator from Connecticut [Mr. MALONEY] provides that the price fixed by the board for the property of any public utility shall be fair and reasonable. Does not that open the way for a public utility to get into court in every instance to find out whether or not the court would hold the price to be fair and reasonable?

Mr. NORRIS. It does.

Mr. BROWN of Michigan. And second, in view of the fact that every project must be started by January 1, 1939, it would be necessary to hold up any project for only a very short time in order to prevent its construction.

Mr. NORRIS. There is not any doubt that any shrewd lawyer, such as the Power Trust always has, could devise such a scheme and prepare on paper such a showing that a court, taking the facts alleged as granted, would, of course, issue an injunction upon it; and then, when the litigation was started, there would not be any stopping the injunction this side of the Supreme Court of the United States; and when the courts got through with that injunction suit the Power Trust could start another one.

Mr. BROWN of Michigan. And the project would have to be started by January 1, 1939, when the authority expires.

Mr. NORRIS. That is true.

Mr. President, I now desire to discuss in a general way the present conditions as I think they apply to this amendment.

In the first place, as I understand, the committee amendment was put into the joint resolution upon the recommendation of Mr. Gadsden. I am told by members of the committee that he is the only witness who appeared before the

committee advocating the committee amendment. The committee put in the amendment.

I shall not have time to go over the question of who Mr. Gadsden is. He ought to be known to every Member of the Senate. He is known to practically every Member as one of the greatest lobbyists who ever lived. He is known as being the head of what I believe is properly denominated the Power Trust. His work, as exposed by the investigating committee headed by former Senator Black, shows, in my opinion, that no committee of the Senate ever ought to open its doors to that man to give it any advice.

I shall not go into the matter further than to say that I think we could well afford to follow the advice of anybody rather than Mr. Gadsden. His record in the holding-company investigation will be mentioned by other Senators, and I shall not go into it; but I understand that he charged before the committee that Mr. Ross, one of the great hydro-electric engineers of the United States, was opposed to competition on the part of public-utility companies with municipal plants.

Mr. Ross called me on the long-distance telephone from the State of Washington, and I took down his statement. I have since seen him, and have since had a letter from him on the subject; but I have his statement, which is just the same as what he wrote me and what he afterward told me. He said:

In answer to Mr. Gadsden's statement before a subcommittee of the Committee on Appropriations to the effect that I am opposed to duplicating private power systems by the building of competitive public power systems, I wish to emphatically state that his statement is absolutely without any foundation in fact. I believe that every major reduction in power rates of private power companies has not been made voluntarily, but has been forced by public competition.

I have advocated that where possible a public power system shall buy out its private competitor at a fair price. If this is impossible, I am for competition; and by "competition" I mean competition that will produce low rates for everyone.

I desire to go over very briefly the history of the injunctions which have been granted in connection with the work of the P. W. A. under the law which we passed some time ago. The present joint resolution, if unamended, is the same as the present law, and will continue the same kind of work.

Mr. BONE. Mr. President, will the Senator yield for an instant?

Mr. NORRIS. Yes.

Mr. BONE. The Senator already has expressed the idea; but I doubt if there is a lawyer in this body who would question for an instant the fact that if either of these amendments is adopted—the one offered by the Senator from Connecticut [Mr. MALONEY] or the committee amendment on page 21—the Federal courts from now on would be filled with injunction suits to prohibit the lending or granting of any money to public bodies under the pending joint resolution.

Mr. NORRIS. That is what I tried to say a while ago.

I am going to show that under the existing law the power companies have traveled through that channel of injunctions, and have obtained injunctions I think in every case, and carried them to the court of last resort. Some of these lawsuits have been drawn out for 10 years. It often happens that on account of some technicality the court above reverses the case and sends it back, and it is tried over again. I have in mind a particular municipality in Ohio, in whose case over 10 years elapsed between the time they commenced their municipal plant and the time they finally got it going, all that time being taken up by injunctions by the private power company. In the meantime, the city had grown away beyond the proportions that existed at the beginning of the agitation; and the plans made out to begin with, when they were finally sustained 10 years later, did not fit the case, and the municipality had to commence over again.

The lawsuits which have been commenced against the P. W. A. and against granting funds to municipalities, for the purpose of preventing municipalities from building, have been instituted in Federal courts, State courts, and every court on earth. The companies have exhausted their powers; and the great reason why I do not want an amendment

on this subject is that I do not want the municipalities to be compelled to travel over that road again. Just as surely as we adopt an amendment of this kind, we shall make it possible for every municipality which desires to build its generating or distributing system to be held up indefinitely, and in the meantime whatever good may come from it will be held up.

I desire to give the Senate a short history of the matter. I shall not go into many details of it, because I have not the time to do so.

When I discussed this question in the Senate in May 1937 I presented some statistics. Some of them I desire to repeat:

Fifty-six injunctions still block the efforts—

Remember, this was May 28, 1937, just about a year ago. Since that time all these injunctions have been cleared away. The Supreme Court has given a complete victory to the municipalities in these cases, but I said at that time:

Fifty-six injunctions still block the efforts of the Federal Government to provide employment through the construction of power facilities as useful public works. Out of the 76 injunctions that have been granted by the courts against P. W. A. power projects, 21 cases have been tried by the district courts. Sixteen have been won and five lost in the district courts. Thirteen have been decided by five different circuit courts of appeals, and no one of these has decided against the Federal Government's right to make the loans and grants, although one case was lost on State issues. Twenty of the original seventy-six injunctions have been settled out of court, leaving 56 still pending and awaiting some final action on the part of the Supreme Court.

The PRESIDING OFFICER. The time of the Senator from Nebraska on the amendment has expired.

Mr. NORRIS. Very well; I will speak on the joint resolution.

Mr. President, I further said at that time:

Two of the injunctions allow the Federal Government to advance funds for certain aspects of the contemplated construction on the Central Nebraska Public Power and Irrigation District and the Lower Colorado River Authority, both of which projects have other aspects than power.

The 54 projects which are being held up as the result of these injunctions have allotments of more than \$51,000,000.

If we were going to get any good out of those funds, the injunctions had the effect of preventing it. Fifty-one million dollars' worth of work was held up by these injunctions.

These allotments should provide, according to figures worked out by the Bureau of Labor Statistics in the Department of Labor on the basis of six previously completed P. W. A. power projects, approximately 95,000,000 man-hours of employment, including employment on site and off site.

Ninety-five million hours of labor. So these injunctions have had a very material effect in interfering with the progress we have tried to make during the time we have been fighting this awful depression.

I shall now read from a letter of the Secretary of the Interior on this question, only an extract:

The greatest injury of all, however, is done to the thousands of unemployed who could have been at work were it not for the litigation. The great purpose for which Congress established the Public Works Administration—that is, the reinvigoration of our economic system through the employment provided by the construction of permanent and useful public works—has unquestionably suffered because of this litigation. Thousands of workers who would otherwise have been employed on the site, and other thousands who would have been doing useful work in the providing of necessary materials, have not received the benefits which Congress intended for them. The preliminary injunctions have worked the gravest injury to these thousands of workers and their families by depriving them of necessary employment at a time when it was most needed. Unfortunately, the processes of law are such that if the companies lose these suits they cannot be compelled to recompense the unemployed for the injury that has been inflicted upon them.

Let us not forget that—that the injury which is inflicted by these injunctions can never be recompensed or paid for by the utilities which inflict the damage.

Mr. President, here is something more on these injunctions. I want Senators to get a taste of what is coming if we adopt any amendment that is new, and give these utilities an opportunity to go into court and get injunctions. I am not finding

fault with the courts. Almost without exception the municipalities have won the suits in the end. But we hear it said so much, "Oh, these widows and orphans, these suffering people who have invested their hard cash in these utilities, are going to be crushed and killed by the Government of the United States."

Think of it, Mr. President. Does the Government want to injure anybody? Do we who advocate this provision in the pending measure want to injure anybody? We have never yet in all this difficulty made any attempt to bring any injury on any honest private investor; and that is true in all these cases.

What happens first when the people become dissatisfied with the exorbitant rates which are being asked of them? They go to the utilities and on bended knees they say, "Give us a lower rate," and the utilities kick them out of the office.

Where do they go then? They get together in little groups and organize and say, "Let us put in a public-utility plant." I do not know of a single one that has ever been erected except for the reason that the private utilities would not give the people a reasonable rate.

The people organize; they call an election under the law. There is nothing illegal about it. The election is called only to redress their grievances, and to get honest rates. Then the matter is fought out before the people, and that ought to end it. If the utility wins in the fight and the municipality is beaten, it does end it, as it ought to, and the people abide by the election. But if the utilities are beaten, the fight has only commenced. The next day there is a petition for an injunction in court, and from that on to the supreme court of the State and to the Supreme Court of the United States the brightest lawyers obtainable, with huge fees, are fighting for these injunctions. Usually they are beaten all the way through.

Are they looking after the investors when they spend their money thus? Are they caring for the widow and orphan when they are ruthlessly giving away the money to fight an impossible litigation which they know they will lose in the end? But they do it. Millions of dollars are thus spent.

Finally, 2 or 3 years afterward, they get to the Supreme Court, and the Supreme Court decides that the municipality had a right to erect the plant. In the meantime the money is held up.

There is no danger of an honest utility suffering a penny of loss.

The first thing municipal officials do—and I call attention to this specifically, because Senators will undoubtedly recall instances in which they were personally acquainted with the facts—when it is decided by vote of the people that they will build an electric plant is to try to buy the private plant. They negotiate. As a rule, they offer the utility more than the private plant is worth. I have advised dozens of committees from municipalities, when the fight reached that stage, to have engineers determine the fair value of the plant, then to add five, or ten, or twenty-five, or fifty thousand dollars, and to make an offer for the plant. Almost always that is done. There is another place where the rights of the widow and the orphan who own the stock are protected—unfortunately, the stock is all owned by widows and orphans. But the utilities will not agree. They hire big lawyers and pay them huge fees to advise them not to agree, and they go into court, where thousands of dollars paid in legal fees and other expenses are all lost.

The report of the Federal Power Commission made in response to a resolution of the Senate gives some wonderful disclosures in the way of government by injunction. This report is confined entirely to injunctions relating to public electrical projects. It must be remembered, too, that this report ends with the year 1935. There should be many cases added, because 1936 is prolific with injunction suits commenced by private utilities against the installation of publicly owned electric-light projects. Since 1931 and up to December 31, 1935, there were 186 restraining orders and injunctions applied for in such cases. The delay incurred

from litigation in 246 cases amounted in the aggregate to 289 years 8 months and 22 days, an average of 1 year 2 months and 4 days per case. The great bulk of these cases occurred in comparatively recent years.

Direct expenses incurred in such cases amounted to \$376,233 for 198 cases, an average per case of more than \$1,900. These figures do not include direct expenses estimated at \$1,000,000 by the city of Los Angeles. Indirect expenses, consisting of extra charges, losses in profits, and losses to consumers, extra charges to the authorities for electrical energy for such use, totaled \$11,920,207 in 162 cases, or an average of \$73,582 per case.

The majority of such orders have been sought during the past 5 years—90 prior to 1931; 186 since that date up to December 31, 1935. Between January 1, 1931, and December 31, 1935, 127 cases were instituted against public authorities not involved in P. W. A. or T. V. A. proposals or activities, 50 cases involving P. W. A. loans or grants, and 9 cases against the 19 public authorities concerned in the Tennessee Valley Authority's proposals.

I want the Senate to understand into what chaos we will put this question if we insert an amendment which will make it possible for public utilities to carry these cases to the Supreme Court.

Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator has 14 minutes remaining.

Mr. NORRIS. I will have to omit some things I wanted to say, because I do not want to lose the opportunity to explain very briefly the three charts on the wall of the Senate.

Chart No. 1 presents a comparison between the principal typical net monthly bills for the various classes of service rendered by publicly owned electrical utilities with similar bills by privately owned utilities.

The typical net monthly bills shown in the charts are averages of the 1935 bills in all communities in the United States with populations of 10,000 and over for residential and commercial service, and 25,000 population and over for industrial power service. The averages are weighted averages. They were derived from the tables showing such averages by geographical divisions in the Federal Power Commission's publication, Rate Series No. 5.

This was an official document showing the investigation made by the Federal Power Commission under a resolution passed by the Senate.

In addition to the typical bill comparisons, chart No. 1 presents a comparison of the taxes and tax equivalents paid by the publicly owned electric utilities with the taxes paid by privately owned utilities. Taxes and tax equivalents, that is, cash contributions and free services, are shown in percentages of the gross electric revenues of utilities for the year 1933.

That, Mr. President, is shown in the lower part of chart No. 1. I am going to take that up later, but at present I wish to go on with an explanation of the other two charts. I shall say something more about the illustrations shown on that chart with respect to taxes. I think that is the most important item on the chart, and I invite the consideration of all Senators to it.

The first comparison in chart 1 is between the averages of the typical net monthly bills for residential service. The first of these bills, the bills for 25 kilowatt-hours, is representative of customers using electric energy for lighting and small appliances only. This group of customers comprises about one-half of all residential customers. A comparison of the average bills for 25 kilowatt-hours in communities served by publicly owned utilities with those of privately owned utilities shows that the privately owned utilities charged 27.5 percent—listen, Senators—the privately owned utilities charged 27.5 percent more for these services in 1935 than the publicly owned utilities.

That is shown on chart No. 1. In other words, the public utilities furnished this service for 27½ percent less than the private utilities charged. Take that in connection with the comparison made with respect to taxes, and see where we come out.

The second residential bill used in this comparison is the bill for 100 kilowatt-hours, which represents the class of residential customers who use energy for electrical refrigeration in addition to its use for lighting and small appliances. A comparison of the average bill for this service shows that the private utilities charged 23.3 percent more than the publicly owned utilities.

That is shown in the column on the chart which I now indicate.

The third and last of the residential bills represent customers who use electric energy for both an electric range and a refrigerator in addition to energy used for lighting and small appliances. A comparison of the average bills for this service shows that privately owned utilities charged 23.7 percent more than publicly owned utilities.

In the comparison of the average bills for 0.075 kilowatt of demand and 50 kilowatt hours for commercial lighting service, the chart shows that privately owned utilities charge 33.5 percent more than publicly owned utilities.

A comparison of the bills for 3 kilowatts of demand and 150 kilowatt-hours for commercial lighting service shows that the privately owned utilities charged 44.1 percent more than the publicly owned utilities. For 3 kilowatts of demand and 375 kilowatt-hours the privately owned utilities charged 32.5 percent more than the publicly owned utilities.

In industrial service the privately owned utilities charge 34.1 percent more for the 150 kilowatts of demand and 30,000 kilowatt-hour bill, 31.4 percent more for the 300 kilowatts of demand and 60,000 kilowatt-hour bill, and 30.1 percent more for the 1,000 kilowatts of demand and 200,000 kilowatt-hour bill than was charged for similar services by publicly owned utilities.

The last comparison made in chart 1 is between the taxes, cash contributions, and free services contributed by municipal utilities with the taxes paid by privately owned utilities.

I now come to the question of the taxes, and shall speak on that subject briefly. The Vice President is standing right in front of the taxation illustration on the chart. I cannot see through him very well. [Laughter.]

Mr. LEWIS. Does the Senator mean that he cannot see through the Vice President? [Laughter.]

Mr. NORRIS. Comparison of taxes and tax equivalents contributed by electric utilities are based on reports from 1,618 municipal utilities for taxes and cash contributions in 1933, 689 municipalities for free service, and 1,216 privately owned utilities for taxes. They are not based on reports from only utilities serving communities of 10,000 population and over, because such averages have not been computed, and also because privately owned utilities which serve communities of 10,000 population and over usually serve smaller communities in addition to the large communities.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BYRNES. What is meant by "cash contribution"?

Mr. NORRIS. I am coming to that, Mr. President.

Mr. Duval, the representative of the Federal Power Commission, says it is believed that the results which would have been secured by using only the utilities serving communities of 10,000 population and over and the results shown would be approximately the same.

It should be noted that municipalities contributed 0.9 percent of gross electric operating revenues in the form of taxes, 14.2 percent in net cash contributions, and 8.7 percent in free services, or a total of 23.8 percent which is more than double the 11.6 percent of the gross electric revenues paid in taxes by the privately owned utilities in 1923.

Mr. President, that is the latest computation I have been able to obtain. Since that date taxes, or these payments in lieu of taxes, in both municipalities and publicly and privately owned utilities, have gone up. The Federal Power Commission representatives tell me that they are working on the year 1936, and they believe it will be found that the taxes paid by privately owned utilities, instead of being 11.6 percent will be between 14 and 15 percent, and that the payments made in lieu of taxes by publicly owned plants,

instead of being 23.8 percent, as now, will be very materially increased.

The Senator from South Carolina asked me what is meant by "cash contributions," as shown on the chart. I do not know that I shall be able to explain it fully, but I will say that it is a payment made from the returns of the municipally owned plant to the municipality. As I understand, it may come in various forms. I can obtain that information definitely and show just exactly what is meant by that item.

Taxes paid by private utilities are shown by the yellow line. The amount paid by publicly owned municipal plants in lieu of taxes is also shown on the chart. In 1933 the amount paid by publicly owned municipal plants in lieu of taxes was twice as much as the taxes paid by private utilities. The amount paid in lieu of taxes by privately owned municipal plants in some places represents free service. In other places it refers to a paving contract, or an auditorium, or something of that kind, which is often paid for out of the income from the utility.

I should say at this point that personally I have some definite ideas on the tax question. I do not believe municipalities ought to furnish any free service, as many of them do. I do not believe they ought to use their money to pave streets, or to build auditoriums or schoolhouses, as is often done. In order to keep their books correctly, and know just exactly how everything stands, they ought to charge the utility the same as they do anybody else, and reduce the rates as much as possible. Then, in lieu of taxes, they ought to pay what would be paid if the utility were privately owned. That would settle the tax question.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BYRNES. The explanation is that local officials, rather than levy taxes to build schoolhouses and other buildings, divert the funds from the public utility.

Mr. NORRIS. That is correct. We often see signs as we enter towns of reasonable size to the effect that "This city has no municipal taxes." All the expenses of running the city are paid out of the revenue which comes from a publicly owned electric lighting plant. I do not believe that is the right way to do. However, that is their business.

Mr. BYRNES. It prevents us from ever knowing exactly what the facts are.

Mr. NORRIS. We never can know just exactly what the facts are. That is what we ought to know, if we can.

I should like to refer to the other charts. Chart No. 2 shows the effect of competition on the rates charged by both publicly owned and privately owned utilities. In these comparisons the average residential bills for publicly owned utilities in communities where there is competition with a privately owned utility are shown first, and these bills are used as 100 percent in calculating the percentages.

It should be especially noted that in residential service, as well as in other services, the typical bills of publicly owned utilities with competition are the lowest bills, with practically no exceptions; and that the difference between these bills and the bills of privately owned utilities where there is competition is relatively small. I think that point ought to be plain to everybody. Sometimes the bills are exactly the same, brought to the same basis by the fact that the public owns the public utility and a rate has been established which the private company is compelled to meet.

Also of considerable interest is the fact that the average bills in the communities served by privately owned utilities without competition are materially higher than bills in communities served by privately owned utilities with competition.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SCHWELLENBACH. Mr. President, I desire to discuss the committee amendment and the proposed substitute of the Senator from Connecticut [Mr. MALONEY]. I should like to say at the outset that I was very greatly pleased with the attitude of the members of the committee, and particularly the attitude of the Senator from Colorado [Mr.

ADAMS], after more mature consideration, in deciding to recommend to the Senate the rejection of the committee amendment.

I wish to say, without the slightest criticism of the committee, that the record of the committee shows that the only witness who appeared on the subject was Mr. Gadsden, who testified and presented to the committee the idea that a great amount of employment might be furnished if the private utilities were given an opportunity to go ahead, if they might be relieved from the possibility of a threat of public competition.

I was delighted to know that after the conclusion of the hearings the members of the committee asked for reports and recommendations from the Department. It seems to me it would have been a shocking thing if a committee of this body had accepted the testimony of Mr. Gadsden, and had not attempted to obtain testimony from any other source. No man in the history of legislative affairs in the past 15 or 20 years has shown more contempt for the Congress of the United States, or a greater willingness to use improper methods to create sentiment for the purpose of influencing legislation in the Congress of the United States, than has Mr. Philip Gadsden.

Mr. Gadsden testified in 1935 that he was the head of the Public Utility Executives' Association, the organization which conducted and carried on the campaign against the public-utility bill. It was under his direction that the telegraphic campaign, which upon investigation was shown to be mostly fraudulent, was carried on. He admitted quite freely and frankly before a committee of this body that under his direction Members of the House of Representatives had been consulted by their most intimate friends living in their congressional districts, who were brought to the city of Washington at the expense of the private utilities, regardless of whether they knew anything about the public-utility bill, and regardless of whether they knew anything about the sentiment in the district. They were paid to come to Washington and tell their intimate friends, Members of the Congress of the United States, how they should vote upon the bill. In my opinion, that is the most infamous and the most regrettable admission that has ever been made before a committee of the Congress. Mr. Gadsden blithely and without the slightest element of remorse admitted that that was the method he directed.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HILL in the chair). Does the Senator from Washington yield to the Senator from Idaho?

Mr. SCHWELLENBACH. I yield.

Mr. BORAH. The Senator spoke about influence being used in connection with the bill. Does he mean the measure which is pending?

Mr. SCHWELLENBACH. I said that the witness who appeared and presented the testimony upon which the committee amendment was proposed was Mr. Gadsden, who directed the campaign against the utility bill of 1935.

Much has been said in the past several months about the fact that public-utility companies were in a position to furnish employment to a large number of people in the country if a condition were brought about under which they would not be subjected to further governmental restrictions or further governmental competition. I wish to read to the Senate an editorial written in the May 7, 1938, issue of the *Electrical World*. The *Electrical World* calls itself the voice of the public-utility companies of the country. It is the recognized trade journal of the public utilities of the country, printed by men who are experts along the line of public utilities. It is sold very largely to public utilities. It is dependent for its advertising upon those who sell supplies, materials, and equipment to public utilities. It is the voice of the private utilities so far as a trade journal is concerned. In the issue published on May 7 this trade journal of the private utilities had the following to say in discussing this precise question:

Statements have been made from time to time by economists, Government officials, and even utility people that the electric-

light and power utilities had a construction backlog of between two and three billions. It was intimated, and in some cases positively stated, that this huge construction program would be released as soon as money was available. Newspapers, columnists, editorial writers all over the country took up this statement, quoting one leading economist to the effect that a release of this electric-utility spending was all that was needed to break the current business recession. It was stated over and over that the money could not be secured until the Government had stopped its act of sabotage against the utilities. Thus was the administration held responsible for the prolongation of the business decline. The answer to this attack has come in the announcement that any utility that cannot secure money for new construction can borrow funds for that purpose from R. F. C.

Politically, all of these moves may have been fine strategy at the time, but they do not bring the true situation to light, nor do they solve the basic problem. And all the time this jockeying for position continues the investing public is hearing more and more about why it is not safe to put money in utilities.

Basically, the facts are these. The electric utilities do not have a construction backlog of close to \$3,000,000,000. And if they did have and if they had the money to finance a construction program of that magnitude the manufacturers of electrical equipment could not turn out the orders.

This is the voice of the private utilities, speaking through their recognized trade journal.

There is a construction backlog, of course, but it is nowhere near as large as some people imagine. The backlog for the most part comes in lessened capacity reserve in plant and system. But it must be remembered that in the last few years the industry has demonstrated that reserve need not be of the same magnitude as was once thought necessary. This was fortunate indeed, for it brought with it increased use of investment and, therefore, better financial stability.

The industry has spent money as needed. It has not found it necessary to refuse load because capacity was not available. There may be some properties that will find themselves in trouble if load goes to new peaks because they are now in financial hot water. But by and large, the utilities will continue to keep ahead of the load.

Again I remind the Senate that this is the voice of the private utility companies speaking.

Again generally speaking, there will be no trouble getting the money for these undertakings, but there is a question as to what kind of dollars can be had. New money can be borrowed, and for the most part at reasonably low yields. Such financing, however, merely adds to the fixed charges, piling up trouble against the day when net income, due to another prolonged depression, will be insufficient to meet debt service. It is equity money that is wanted, and that is not easy to get so long as the policy of the administration toward utilities is not unequivocally defined.

So, in spite of the fine gesture by the administration, the utilities as a whole can hardly be expected to apply for any large amount of R. F. C. money. The real spending power of the utility industry can be encouraged best by a straightforward statement of policy toward the industry that can be interpreted in only one way—a policy that will build confidence in the integrity of utility equity investment.

In spite of all that has happened in the past 5 years, the utility industry is still strong financially. For that reason it can borrow all of its construction requirements at favorable rates from regular channels without having to seek R. F. C. loans and their attendant limitation upon company operations. New commitments for construction are low now, not because of inability to finance, but because of load conditions. When load picks up construction will pick up. Against the time when new peaks will require a large expansion and rebuilding program, necessitating the raising of large amounts of new capital, we should begin to emphasize the strength of the industry's financial organization and not its weaknesses.

In other words, the voice of the private utility companies in a magazine which, as I have said, secures its advertisements from concerns that sell to private utility companies, says that there is nothing to this two and three billion dollar talk; that they have no demand for new construction; that they have kept ahead all the time, and that money is available to them, but they do not want the kind of money they can now get. What they want, according to their own magazine, is "equity money." What is meant by "equity money"? They want money that they can secure through the sale of stocks to the people of the United States. They do not want to borrow money; they do not want money they can secure by the issuance of bonds; they want to sell more of their stocks to the widows and orphans of the United States.

There has been a very decided tendency upon the part of the utility companies and a surprising tendency upon the part of the Members of Congress to accept the statement that the utility heads are attempting to protect an investment of the widows and orphans of this country. There has not been

a single thing done by the Government; there has not been a single thing done by the present administration which to the slightest extent has hurt the investors in these companies.

I wish to read some figures I take from the State of Washington, because of the fact that there has been probably a greater public development of power there during the last 5 years than in any other section of the United States, and if there is one place in which private utilities would have been frightened it would be the State of Washington.

We have two major companies in that State, one of which is the Puget Sound Power & Light Co., and I wish to read something of their net operating revenues after taxes. In 1932 they had net operating revenues of \$2,525,113; in 1933, \$838,202; in 1934, \$761,876; in 1935, \$1,094,934; in 1936, \$1,662,600; and in 1937, \$1,771,607. In other words, under the present administration the net operating revenue of this company, which is a major company in an area where there is more public competition than in any other part of the country, has steadily increased.

What about the price of their bonds? It got down in 1933 to \$65. The bonds sold within the last 2 or 3 weeks for \$102. Is that any indication that the Government is doing anything which is depressing the ability of these companies to borrow money by selling their bonds?

Their second-class bonds got down as low as \$36, but sold a couple of weeks ago for \$65. Their third-series bonds got as low as \$33; they sold a couple of weeks ago for \$60. Their preferred stock got down to \$7.75, but it is now up to \$28½ a share. Their second preferred sold for \$5; it is now selling for \$13.

That is a typical example of what is happening in the public-utility field in this country. Those who have lost money from the purchase of stocks in utility companies did not lose any money as the result of the activities of the Government or of the present administration. They lost their money the minute they turned their cash over to the stock salesmen who delivered the stock to them, because there never was behind the stock which they purchased any material equity. They called it "equity money," but it is really just "wind and water" money, because there never has been any equity behind it.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. SCHWELLENBACH. I will take time on the joint resolution.

The PRESIDING OFFICER. The Senator from Washington is recognized to speak on the joint resolution.

Mr. SCHWELLENBACH. I repeat, Mr. President, there never has been, on the average and in the aggregate, any equity behind the utility stocks. I wish to present upon that point the testimony of a man who probably is in a better position to know about that subject than is any other man in the United States. He testified before a committee of this body a couple of years ago, though his testimony did not attract very much attention. His name is Victor A. Dorsey. An opportunity was given to the public-utility companies to disprove his statements, but they failed to avail themselves of that opportunity. He testified at that hearing that he was connected with the engineering appraisal concern which has appraised practically every private public utility in the United States. He stated that they appraised practically all of them with the exception of those in the State of Vermont, and had appraised one or two small companies in Vermont; but in every other State they had made the major appraisals and that he was the appraising engineer. The name of the firm was Hagenah & Erickson. Everyone familiar with the public-utility business knows that the firm of Hagenah & Erickson has sent its representatives into every State and that its representatives have been the experts who have represented the private utilities before State regulatory bodies. He testified in this hearing that in the aggregate and as an average there was no value behind the stock of any of the utility companies. Senator Gibson was cross-examining him when he said:

But from my experience and knowledge, I would feel that the value in them, taking all companies, of their physical assets would closely represent the first-mortgage bonds that are outstanding against the properties.

Now, in some instances, the ratio of the bonds to the preferred stocks and common stocks in a well-financed company, where it is about 60 percent, are reasonable, but during the period covered in the years from 1923 to 1929, when the greatest amount of public-utility financing and reorganizations and purchases were made, there were a great many properties bought at twice the amount of money that was ever invested in them, and bonds were issued for 80 to 90 percent of the purchase price of those properties. So, taking it as a whole, from what I know as to the policy that was followed, I should say the bonds very closely represent the invested capital in public-utility properties in the United States.

The further question was asked him:

That statement was made as to the bonds amounting to the actual value of the property—

Mr. DORSEY (interposing). That is in the aggregate; not all of them.

Senator SCHWELLENBACH (continuing). Means taking in the aggregate public utilities in this country they have no real value behind the common stock or the preferred stock?

Mr. DORSEY. There is some value in some companies, but not in the majority.

Senator SCHWELLENBACH. You are taking the average throughout the country?

Mr. DORSEY. Yes; that is right.

Senator SCHWELLENBACH. And your firm of Hagenah & Erickson, of which you were a member all these periods of years, has made as many, if not more, appraisals for public-utility companies than any other firm in the United States?

Mr. DORSEY. I think that is true in the aggregate; yes.

Senator SCHWELLENBACH. And you personally handled most of the appraisals?

Mr. DORSEY. I did the work. I was the engineering member of that firm.

Further along in the testimony he was asked this question:

Senator SCHWELLENBACH. As the result of those three elements you now say you think that the aggregate amount of bonds outstanding just about covers the aggregate value of the property?

Mr. DORSEY. Of all public-utility properties in the United States.

Senator SCHWELLENBACH. Yes; taking the average and the aggregate throughout the United States.

Mr. DORSEY. Yes; that is correct.

We talk about putting into this law language which will be fair to these people. It is a little difficult to be even fair to organizations such as the public-utility companies of the United States; but I do not think anybody desires to be unfair to them. The President of the United States, through the Senator from Kentucky [Mr. BARKLEY], has given out a definite statement as to what shall be the policy. There is not anybody in this body who knows anything about public-utility companies, who has had any personal experience in his own community or his own State in dealing with public-utility companies, who does not know that the insertion of any language on the subject in this joint resolution, I do not care what it may be, will be used as a basis of lawsuits so that the public-utility companies may continue in their efforts to defeat the desires of the people of these communities to give reasonable power rates to the communities, and defeat the desire of the people to give employment by the construction of public plants.

Mr. MALONEY. Mr. President—

Mr. SCHWELLENBACH. I yield to the Senator from Connecticut.

Mr. MALONEY. In view of the Senator's feeling that any amendment on this subject would give the utilities an excuse for delay, I should like to ask him, aside from that, if he would care to give me an opinion on the fairness of the substitute amendment I have offered.

Mr. SCHWELLENBACH. The situation would be different if we were dealing with anybody of a reasonable degree of fairness; if we had not the background of the experience we have had, as outlined a few minutes ago by the Senator from Nebraska [Mr. NORRIS], of the utility companies taking the slightest excuse and using it for the purpose of delay, in order to continue what the Senator from Wyoming [Mr. SCHWARTZ] described the other day when he said they declared—

This is our domain, and we intend to hold it until we are driven from it.

That is the attitude they have. They have gone out to the public and taken the public's money, and then, by control of

the regulatory bodies throughout the country, they have been enabled to make a return upon that money, not investing the money in the plants, but giving it as profits to the financiers, the holding companies, and the various other milking organizations which have used public utilities for the purpose of deriving enormous profits for themselves at the expense first of the rate payers, and, second, at the expense of those who bought their so-called equity stocks. Now they are insisting upon continuing that practice, and they are going to use every method they possibly can to enable them to do so.

Now, let me answer the Senator's question. If it were not for that state of affairs, I do not think the proposal of the Senator from Connecticut would be unfair at all. In dealing with ordinary people, a proposal for some sort of arbitration, one side appointing one member, the other side appointing another member, and the two appointing the third, usually works out in a fairly reasonable sort of a way; but it would not be fairly used by the public utilities of the country. It would be used as an instrumentality for the purpose of continuing a policy of unfairness. That is the reason why, although in theory the Senator's proposal may be fair, actually it would result in being unfair.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. MINTON. The Senator knows that the Supreme Court of the United States decided against the utilities on the question of the right of P. W. A. to loan money to municipalities to build utility plants in the October term, 1937—to be exact, on January 3, 1938—in the case of Alabama Power Co. against Ickes. Having lost, as the Senator from Nebraska pointed out in his speech, all of their contests in court, clear to the Supreme Court of the United States, they now come back in Congress to try to get into this joint resolution a provision which will upset all that the courts have decided against them.

Mr. MALONEY. Mr. President, will the Senator from Washington yield to me?

Mr. SCHWELLENBACH. I yield.

Mr. MALONEY. I am not quite sure that I understood the language of the Senator from Indiana. Was he referring to my amendment in that instance?

Mr. MINTON. I am referring to the activities of the utilities when they came in and got into the joint resolution the provision which they did get into it.

Mr. MALONEY. That is the committee amendment.

Mr. MINTON. And, of course, although the Senator from Connecticut has no such thing in mind, I think the same thing would operate in the case of the Senator's amendment. It would be just exactly as the Senator from Nebraska [Mr. NORRIS] has pointed out; it would open the doors for the utilities to file innumerable lawsuits, and challenge the spending of money by P. W. A. at every turn of the road; and we would go to the Supreme Court and win the lawsuits, but that would consume years of time.

Mr. MALONEY. If the Senator from Washington will yield to me just a moment further, I should like to point out that the contrary would be true in my State; that my amendment would be helpful to a municipality in Connecticut anxious to acquire a municipal plant. It would speed up matters rather than delay them.

Mr. SCHWELLENBACH. Mr. President, I desire to say just one general thing in conclusion.

We have heard repeatedly on the floor of this body, from those who are critical of the administration, the statement that if we could just get back to the American way of doing things, if we could just stop this business of spending public funds, borrowing public moneys and issuing bonds for them, and get back to the American way, private capital would take care of all of these people, and put them to work.

Where is private capital going to get the money? Where has private capital gotten its money in the past? Where has it gotten the money for the purpose of building the utility chains? Where has it gotten the money for the purpose of building the railroad empires? Where has it secured the money for all the development that has taken place?

The private utility companies have done one of two things: They have sold bonds, or they have sold stocks. The records disclose that in 90 percent of the instances in which they sold stocks, the money they received from their investors was totally lost, and the investors received no return upon it. I think in the next 2 years we are going to see the most stupendous struggle between those who believe that the Government should do something to protect the people of the country and those who believe that we should go back to the days of brigandry, the days of piracy, under which we have operated in the past. The question that is going to be decided is, What is the American way?

It was all right as long as we had a great empire to the West, and there were great resources which the financiers could go out and grab, and enough could be consumed in that way to take care of the improper and excessive profits which were made by the financial organizations of the country but the public-utility instance is an instance of precisely what has gone on in this country, and what will go on if those who believe that we should go back to the old days surrender in this fight.

I know there are many Members of this body who believe that we should do that. They say that what we propose is just a terrible thing, and they talk about "dictatorships" and a great many other things, and they get up and beat their breasts, and they see ghosts and shadows every afternoon. We have gotten beyond the point, however, where the sort of financing can be tolerated that was described by the Electrical World as the one they want—a return to equity financing, so that they may go to the widows and orphans and sell them stock, and not have any property behind the stock which is sold. We have reached the time in this country when that day has ended. The sooner the fact is accepted by the public utilities and the financial interests of the country that we have gotten beyond that point, the sooner we shall find a solution of our problems.

Mr. PITTMAN. Mr. President, I desire to ask the Senator from Connecticut [Mr. MALONEY] to accept an amendment to the amendment he has proposed. It is as follows:

In line 24, page 2, of the amendment of the Senator from Connecticut, insert the words "what in their opinion is the", and after the word "reasonable" insert "value of such property to the public agency, and."

The PRESIDING OFFICER. The Chair will advise the Senator from Nevada that the amendment which the Senator from Connecticut has offered is an amendment in the second degree. Another amendment would be in the third degree, and therefore would not be in order at this time.

Mr. PITTMAN. The Senator from Connecticut may accept the proposed language if he sees fit, because it is his own amendment which I propose to amend.

The PRESIDING OFFICER. Yes; the Senator from Connecticut may modify his own amendment.

Mr. PITTMAN. I am asking the Senator if he will accept this language as a part of his amendment. I will explain to the Senator and to the Senate why I propose the change.

Mr. MALONEY. Will the Senator repeat the amendment he suggests?

Mr. PITTMAN. Commencing in line 23, page 2, the amendment at present reads as follows:

That the price fixed by the Board for the property of the public utility in any such case shall be fair and reasonable.

Having in mind the statement of the Senator from Nebraska [Mr. NORRIS] that a private utility might seek any way to find the foundation of a suit, and if we should state that the price must be fair and reasonable the court might have jurisdiction to decide as to whether the price was fair and reasonable—

Mr. MALONEY. May I interrupt the Senator at that point?

Mr. PITTMAN. Yes, sir.

Mr. MALONEY. I merely wish to say that I hasten to accept an amendment which would correct that situation, because I do not want to give the utilities that excuse, if that would be one.

Mr. PITTMAN. Therefore I have suggested amending the language to read in this way:

That the price fixed by the board for the property of the public utility in any such case shall be what, in their opinion, is the fair and reasonable value of such property to the public agency, and—

"Public agency" is defined in the act to mean State, county, municipality, or other public subdivision.

Mr. MALONEY. Mr. President, I not only accept the amendment but I am very grateful to the Senator from Nevada for suggesting it.

The PRESIDING OFFICER. The amendment of the Senator from Connecticut is accordingly modified.

Mr. PITTMAN. Mr. President, in my opinion, my amendment removes any possible cause for a lawsuit. In the first place, the arbitration over the fixing of the price is solely to govern the administrator as to whether he will make the loan or not. But the sentence as written by the Senator stated that the value fixed should be fair and reasonable, and a court might have held that the question as to whether the price was fair and reasonable was a question of fact that might be determined by a court. But if we state that the price fixed shall be that which, in the opinion of the arbitrator, is the fair and reasonable value of the property, I take it that we would get away from that legal question.

I have listened to the speech of the Senator from Nebraska [Mr. NORRIS]. I know that he is violently prejudiced against public utilities, and I am sorry to say that his prejudice is well founded. If there ever was a greedy and stupid industry it is the public utilities industry as a whole. I do not mean to say that there are not exceptions. All of us know of exceptions. There are thousands of little towns throughout the United States totally disconnected from any great utility system which, in the very necessity of the case, have had to build their own little electric-light systems. Those people are very far removed from those great utilities against which there has been complaint.

I realize that under our platforms, and under the statement made by the President of the United States in his speech at Portland in 1932, we recognize that it is the right of any municipality to have its own electric light and power system when a majority of the people by referendum decide that they want it. The question involved here is, is it the intention of Congress to confiscate the property of public utilities on the grounds suggested, possibly, in the speech of the Senator from Washington, that is, that they have been greedy, that they have been crooked, that they have no values behind their stock? If that is the case, why prepare in a measure here to possibly lend Government money to 40 or 50 towns in the United States with which to build their own electric light and power systems? Why not appropriate enough money so that all of the municipalities and States can borrow the money to instantly change the systems into municipally operated power and light plants?

What we are trying to determine now is a policy. The object of the pending legislation, of course, is solely to employ labor, but the purpose goes further than the employment of labor; it is the establishing of a policy, it is the furnishing of Government money to carry out a policy. It is a policy I favor, but I do not favor confiscation. I do not favor confiscation of the property of any citizen of the United States if it has been obtained in accordance with the laws of the United States, and is held under the laws of the United States. Unless the intention is that there shall be confiscation, by a refusal to accept this amendment, then there is no excuse for not accepting it.

I was not in the Chamber when our leader read something which is assumed to come from the White House with regard to the President's views on this matter. I would not need to read the statement. I know the President's views. I have heard him speak them many a time. I know he believes that a municipality has a right to own its own electric light and power plant. I believe that if he were handling the matter individually he would not attempt to confiscate any property.

This amendment is not in conflict with his views but simply provides an expeditious method of fixing the amount of the offer.

If that is the case, why fear to arbitrate the price? As I understand, the President would insist that a fair offer be made to an existing privately owned public utility before money was furnished to build a competing system.

Mr. NORRIS. Mr. President, may I interrupt the Senator on that point?

Mr. PITTMAN. Certainly.

Mr. NORRIS. I did not hear the first part of the Senator's address, but it seems to me this ought to be considered along the line on which the Senator is now speaking. If we provide in the law for arbitration, it makes it possible for the utilities to go into court and have all these matters fought over again. If we leave the decision to the President, the matter never can get into court, because there will be nothing in the law about it, and the President will do the same that is attempted to be done by the amendment.

Mr. PITTMAN. I have offered an amendment which gives such discretion in the matter, but, in my opinion, there will be no possibility of a suit, and a case would go out instantly on demurrer. This is the language as it now reads:

That the price fixed by the board for the property of the public utility in such case shall be what in their opinion is the fair and reasonable value of such property to the public agency.

There are two things in that. I say the value to the public agency. That eliminates all question of good will, and all such things. I have eliminated the necessity of the price being fair and reasonable. That would be subject to litigation, probably. I say "in their opinion." It is left to the discretion of the arbitrators. Having formed their opinion and fixed the price, then the public utility must take it or all restraint upon the administrator is removed in the lending of the money. I think the suit question is removed.

Mr. President, I am against confiscation of property, without regard to the prejudice any of us may have against the great public utilities, which constitute largely a trust and monopoly; and so far as I am concerned, that prejudice, as I have said, seems well grounded to me. I repeat, for the benefit of the Senator from Nebraska, what I said before, that I think of all the stupid and greedy industries in all the world the public utilities are the prize winners. But that does not affect my principle with regard to the confiscation of property. I will never vote for the confiscation of any property that is held in accordance with the laws of the United States. If it is illegally held, there are methods to pursue under the law.

I understand the President favors paying the utilities the reasonable value of their physical property. We should pay them the reasonable value of the property. The public agencies could probably get the lines that are strung cheaper than they could string them. The basis I have included in the amendment now is the value of the property to the public agency. The "public agency" is the municipality. That is what is to be determined. That lays down the basis of the arbitration. The question arises what would be the cost of the replacements? This being determined, the depreciation of existing lines and plant would be deducted.

We remove the legal objection by this amendment, I believe. We come down to the moral question involved. If the President wants to pay the value of existing plant, how is he to get his information as to the value? Could he obtain the value of the property through any more economical or expeditious plan? Would he send someone out to assess the value of the property? Whom would he send out for that purpose? As a matter of fact, we know that it will be left entirely to the arbitrary judgment of the Administrator of Public Works. There is no question about that. He will attempt to buy the property as cheaply as possible. He will offer 25 percent of the value

of the property. What would the private utility do if that were all he offered?

Mr. NORRIS. Mr. President, I am just as anxious to preserve everyone's property rights as the Senator is.

Mr. PITTMAN. I am sure of that.

Mr. NORRIS. I can only say what a certain official named would do by comparing him with my own inclination. I know that I would be so careful that, if I did anything, I would lean backwards; I would give them more than their property was worth. I have told dozens of committees which have waited on me that I thought that kind of a course was advisable in order to leave no doubt, in the first place, about a fair return, and, in the next place, it would settle the matter, probably, and stop litigation.

Mr. PITTMAN. Unfortunately there are few men I know of who are innately as fair and as just as is the Senator from Nebraska, and who have the legal knowledge the Senator from Nebraska possesses, and whenever we frame legislation which is based upon the ability, the integrity, and the fairness of one man we are engaging in something we have no right to engage in. That is exactly what the provision proposes to do. That one man is not the President of the United States. That one man will be either the administrator or a deputy administrator, or a deputy administrator to a deputy administrator, with regard to whose character we are ignorant, with regard to whose ability we know nothing, with regard to whose prejudices we are uncertain.

When the President wants the fair price paid, why not take the simple method of determining the value? It is the simplest method that could be conceived. It is simpler than the administrator could do it himself if he tried to do it intelligently and fairly. Inside of 30 days a board of arbitration can be appointed, consisting of three members, one to be appointed by the public utility, one by the public agency, and one by the two members so appointed. If the two members do not select a third within 30 days after the notification by the administrator to the public utility, then the Governor of the State has 10 days within which to appoint the third member. If he does not appoint the third member, the restraint placed on the loan is taken off.

Mr. President, is there any delay in that kind of proceeding? Is there any faster or fairer method to get at the situation than that? We do not have before us the old question that came up in the valuation and condemnation proceedings, because we specifically say that the only thing the arbitrators are to determine is the value of the property to the public agency.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. PITTMAN. I will take a few minutes on the joint resolution.

Every precaution is contained in this amendment for speed and for fairness. The measure of value is the measure of the physical property to be purchased that will be of value to the public agency which is going to build the new plant. That is all there is to it. The measure of value fixed there by the arbitrator must be the value of the replacement of the present system, less depreciation. No goodwill is to be taken into consideration, or anything else.

I think that that provision of the amendment alone—namely, that the finding shall be made on the basis of value to the public agency—is of great benefit to any town or community which wants to start out and put in its own municipal system. To me the question is one of honesty. I believe that any Senator who does not favor confiscation must favor the payment of a fair and reasonable value for the physical property to be taken over by the new public utility. If Senators favor that, I do not see why they should object to the three men who are the arbitrators saying what that value is.

Here, Mr. President, is the worst of the matter. Our Government has attempted to convince the great public utilities of this country that they should invest hundreds of millions of dollars in the expansion of their services so that labor would be employed. If we do not adopt this amendment we

serve notice on them that Congress is indirectly going to take their property away from them eventually by this method of lending money and making grants to municipalities with which to build parallel electric light and power systems.

If they do build parallel electric lines and power systems, that, in my opinion, is confiscation, because I do not believe in that case that any private utility could live.

Private utilities must make, if not a profit, at least expenses. A municipality may cover a deficit by taxation. So we are serving notice that Congress is willing to trust the taking of private property of private utility companies to one man, without limitation, without basis of action. If Congress will adopt that policy now in a small way, why will it not do it in the future with regard to all the privately owned public utilities? If that be true, the management of any public utility in the United States which would put a dime more into its property would be insane.

Of course, we should decide now whether we want to have privately owned utilities all become municipally owned in the United States, and if so, notify the public utilities of that fact, and let us appropriate several billions of dollars to lend to any and all of the cities of this country with which to buy the utilities. Let us establish a principle with respect to that matter. Let us not take \$250,000,000 and lend it or grant it to a few municipalities which will employ only a very few men, and at the same time prevent the employment of hundreds of thousands of men in private utilities by reason of the threat contained in the pending measure.

Mr. CONNALLY. Mr. President, will the Senator yield to me for a question?

Mr. PITTMAN. I yield.

Mr. CONNALLY. Does not the Senator from Nevada feel that the decision with respect to this question could be entrusted to the cities which want to buy a plant, and to a company which, probably, wants to sell its plant to arrive at a fair appraisal and the terms of sale or purchase? If the city can buy a plant already established for no more than it would cost to build another plant, can not the city and the company be trusted to adopt that procedure?

Mr. PITTMAN. If the Senator wants my opinion about it, I should say no.

Mr. McKELLAR. Mr. President, will the Senator yield to me for a moment?

Mr. PITTMAN. I yield.

Mr. McKELLAR. We have the proof of it in the case of what just happened in Knoxville, Tenn. That precise question arose; and the power company on one side and the city of Knoxville on the other came to an agreement, and the power company sold the plant to the city of Knoxville.

Mr. PITTMAN. That does not answer the question which the Senator from Texas asked me.

Mr. CONNALLY. What I am trying to arrive at is this: Cannot the public officers, the mayors, and other officials responsible to the public be trusted, if the company will sell its property at a fair price? If the question should arise with respect to the establishment of a municipally owned plant, could not the officials of the municipality be trusted to negotiate with the competing plant for its purchase, and then if they cannot buy that plant at a fair price, money can be loaned to them with which to build a competing plant?

Mr. PITTMAN. If the property of a private utility can only be acquired by condemnation proceedings, the theory in court action is that under the condemnation proceedings the fair value will be obtained. That is the theory of the court action. In this case the private utility in the community has not any legal remedy. It has nothing to do with the city council borrowing the money with which to build a parallel line. Of course, the city, when it is going into a condemnation proceeding to fix the value of the plant, would rather agree with the private utility than to have to go through a long condemnation proceeding. But in the present case the existing private utility has no remedy, because one man lends the money—part loan and part grant—

to the municipality which wants it. He can say, "There is the money. Here is the grant. There are no restrictions on you whatever. Build the parallel lines." The municipality can thus obtain an advantage in the negotiations.

Mr. CONNALLY. Mr. President, the Senator is assuming that whoever is going to administer this fund is going to disregard all other considerations and deliberately force the private companies out of business. I am not prepared to agree to that.

Mr. PITTMAN. I say the company could be forced to sell at almost any price, because the company would be forced out of business when the lines were paralleling each other.

Mr. CONNALLY. I should like to ask one further question, and then I shall subside.

Mr. PITTMAN. I yield.

Mr. CONNALLY. Under the present law, regardless of the Federal Government, if a city wants to build a parallel line now, what is there to prevent it from floating a bond issue and building such a parallel line? What is there to prevent the city from doing that now? The Senator says that that is wrong. However, if they can float a loan, they can build another line completely.

Mr. PITTMAN. By doing that they beat the system now in existence down to nothing in value.

Mr. CONNALLY. Is not one of the great troubles in connection with negotiating with private utilities that they want to capitalize their franchises, and a great many other things of that kind, which have no material value except as a grant from the cities? Is that not true?

Mr. PITTMAN. That is correct. Therefore, the amendment which I ask the Senate to accept provides that the factor that shall govern the finding of the arbitrators is the value of the property to the purchaser, the value of the property to the public agency, which eliminates all question of watered stock, all questions of good will, all questions of going concern. The arbitrators shall find only the reasonable value in their opinion of the physical property to be taken over. In many cases the administrator lending the money would be fair.

In many cases there would be nothing wrong; but I say that it is not proper legislation to authorize the lending or granting of money to build a competing municipal plant, which will amount to confiscation, unless some reasonable offer to purchase should be made before the utility is put out of business. That is all there is to it.

Mr. KING. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. KING. It seems to me the Senator from Texas [Mr. CONNALLY] ignores the fact that this is a relief measure, and not a bill for the purpose of trying to build up other utilities at the expense of businesses now in existence. It seems to me he ignores the fact that when we put a public utility in competition with one already existing we destroy the taxes now received by the State. In my State we get more taxes from the electric power companies than we get from the railroads. If we destroy a private utility by building up competing public utilities, we destroy one of the sources of revenue which is now important.

Mr. PITTMAN. That is a question which I believe the people in a community ought to decide for themselves. They may find that the rates being charged are outrageous, and they have no remedy. In that case, if I were in the town, I should certainly vote for a municipally owned utility.

Mr. CONNALLY. Mr. President, may I ask the Senator one question?

Mr. PITTMAN. Yes.

Mr. CONNALLY. I am in agreement with the Senator on the theory that there is no economic value in building parallel lines. But will not the city authorities bear that fact in mind in making the purchase?

Mr. PITTMAN. Certainly they will. But would the city authorities pay \$1,000,000 if they could purchase the plant for \$250,000?

Mr. CONNALLY. I am assuming that the city authorities have some conception of fairness, justice, and right.

As a rule, the people in the community are stockholders in the utilities. They live there, and they have some influence and some prestige. I do not believe the Federal Government would deliberately authorize a loan merely to punish some utility.

Any public utility, in essence, is a monopoly; and I do not believe in irrevocable and exclusive franchises being granted to these corporations, and then having them come in, when the city wants to take them over, and say, "The franchise is worth \$1,000,000, and we are going to make you pay for all this wind and water."

Mr. PITTMAN. Neither do I. I am not dealing with that question at all. I am trying to avoid it. I am dealing with the question of honesty. I am dealing with the question of confiscation. It is perfectly evident that under the provisions of the joint resolution the power of confiscation of private property exists, dependent solely on the intelligence, the honesty, and the fairness of one man.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. MALONEY. Is it not a fact that this amendment, most certainly as amended by the Senator from Nevada, provides for exactly the thing which the Senator from Texas wants to do?

Mr. PITTMAN. Yes; and exactly what the President wants to do, except that the President is willing to trust one man, and I am not.

Mr. BAILEY. Mr. President, I feel somewhat encouraged. I believe we are making a little progress in the matter of our national policy concerning utilities. At least we are considering at this time an amendment which proposes to give them a little something to compensate the investors in the utilities to a slight extent for the injury we do them, and the ruin we work.

I thought I might comfort some of the Senators with a statement of the facts. If the purpose of the national policy has been to punish investors in utility stocks and bonds, I am prepared to argue and to show by the evidence that there has been sufficient punishment. But if the purpose has been to destroy, I am equally prepared to argue that we have but little further to go, and that we might as well proceed to go the whole way and pay the price, which will be exacted of us in the national economy.

Let us look at the facts. While the Senator from Washington [Mr. SCHWELLENBACH] was speaking I went to the reading room and obtained the market quotations from the Journal of Commerce, of New York, for June 2. Here is the preferred stock list:

Alabama Power preferred, a \$100 stock, purporting to pay 7 percent, is selling for \$60. That was the highest bid on that day. There is a \$40 penalty, not put upon the power executive but upon the person who invested money. Being an innocent bystander, I think the investor might at least be let off after being punished to the extent of \$40.

American States Utilities preferred is down to \$11.25. The common is \$1.50.

American Utilities Service preferred is \$4.50.

Arkansas Power & Light, 7 percent preferred, is selling at \$70. Holders of that stock have been punished \$30 on the \$100.

Associated Gas & Electric, original preferred, is selling at \$2.25.

Birmingham Electric, 7 percent preferred, is selling at \$60. Buffalo N. & E., \$1.60 dividend stock, preferred, is selling for \$20.25.

Carolina Power & Light, preferred, 6 percent, is selling at \$64. I know something about that stock. That stock is not owned by wealthy people. It never has been owned by wealthy people. That stock was sold by advertising in the North Carolina newspapers. Widows who received estates from their husbands invested in it. Attorneys who advised minors or guardians as to how to invest money felt assured, and advised their clients that this preferred stock was good for \$100. I remember buying some of this stock for a widow 10 or 15 years ago. I shall always remember gratefully that I advised her to sell it at \$110, before the present

national policy was inaugurated. Otherwise I should feel somewhat to blame for what happened. I know that that stock is owned by the great rank and file of the people. I know that the preferred stocks in the power companies of North Carolina are held by 15,000 people. They are not Insulls. They are not criminals. They are not power executives. They are not even politicians. I think a great many of them were new dealers. They thought that the investment was good; and it was good until the national policy destroyed it.

Why punish them for what Insull did? Why strike down the investors of the country if we want to punish the executives? Let us assume that the executives have committed every crime in the catalog. Why destroy the people who put their money in businesses like this in the best of faith, and whose money would be all right now but for the national policy? The idea that we are striking down a great many rich millionaires is a piece of political demagoguery. Every man ought to know better than that. There are 10,000,000 stockholders in America. Not all of them are power stockholders, but I think there are something like four or five million stockholders and bondholders in power companies.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. BAILEY. I yield. I have only 15 minutes.

Mr. SCHWELLENBACH. Repeatedly since I have been a Member of this body the Senator from North Carolina, in expounding his political and economic philosophy, has referred to those of us who disagree as being demagogues. I merely want to say that I resent it. I hope the time will come when the Senator from North Carolina will refrain from that sort of discussion upon the floor of the Senate.

Mr. BAILEY. I wish to say, Mr. President, that I was not aware that I had ever done so. What I said was that the idea that we are striking down a great many rich millionaires is a piece of political demagoguery. I did not know that any Senator had ever said that. I said that the idea that the stockholders in these companies were all rich people is political demagoguery. I do not know that any Senator has ever said it. I wish to assure the Senator that I would not think of imputing demagoguery to any Senator. I never had any such thought.

Let us go on. I think I shall put in the entire list, because I do not want to take up all my time with reading.

I give you the Mountain States Power preferred, selling at \$19.

National Gas & Electric is selling at \$2.75.

The Senator from Nebraska is not in the Chamber at this moment. It is a rather singular thing that Nebraska Power 7 percent preferred is still selling at \$105. It is one of the few left that is above \$80.

Ohio Public Service is selling at \$83.

Pennsylvania Power & Light is selling at \$85.

Texas Power & Light preferred is selling at \$92.

United Gas & Electric, 7 percent preferred, is selling at \$62.

United Public Service common is selling at \$1.25.

United States Public Utilities, 3 percent preferred, is selling at \$10.

So much for the preferred stocks. If the purpose was punishment, the holders of the preferred stocks have been sufficiently punished.

The Senator from Washington [Mr. SCHWELLENBACH] said something a few moments ago about "equity financing." Equity financing is deriving money from the sale of common stocks. It is now absolutely out of the question to do it. If the preferred is selling at \$62, how can it be expected the common will sell for anything? The dividend on the preferred must be paid first. The \$62 indicates that the dividend is already impaired or in doubt.

Let us look at the bonds. From the same publication, I note that Alabama Power 4½-percent bonds, due in 1967, are selling at \$80.50.

American Power & Light 6's are selling at 77; Arkansas-Louisiana Gas selling at 100; Arkansas Power & Light 5's due in 1956 selling at 94; Associated Gas & Electric 4½'s selling at 25¼.

I could read all the way down here and pick out a great many of them that are selling pretty well, others that are selling very low. Here I find Electric Power & Light 5's selling at 69½; General Public Utility 6½'s selling at 71; National Power & Light 5's selling at 74; New England Gas & Electric 5-percent bonds selling at 50; and so on.

Now, to the point about that: If the purpose of the public policy is to punish the bondholders, I am saying that the bondholders have been sufficiently punished, and I think it is about time to quit. Usually when we put a man in the penitentiary for 10 years, after he serves 6 years we let him out.

Of course, if it is the desire to destroy the utilities these quotations ought to be assurance that you are not far from your goal. You have them at a point where no prudent man will put his money in them. Who would buy a share of common stock—talking about equity financing—and who would put money up to buy new preferred stock at 100 when preferred stocks right here are selling at 60 and 70?

So we have destroyed the credit of the utilities of this country; we have destroyed their capacity to do equity financing; we have destroyed their capacity to sell bonds, and this bond list shows it.

Having done that, we propose to go further here today and notify every utility in America—and that is the evil of this measure—that we will go down into the Treasury and borrow money to put up plants to compete with them. Who is going to invest in utilities on that basis? So much for that part of it.

I wish to turn now for a moment to the remarks made by the Senator from Kentucky [Mr. LOGAN] this morning on the subject of the circulation of money. He complained very earnestly that money was not circulating in the United States, and he attributed it to the fact that there was not sufficient money in circulation. I question whether he can maintain that thesis, but I will agree with him that money is not circulating. By how much has it fallen short? Here is the report of the Federal Reserve Board for the month of May, brand new to hand. We find that the circulation in America has dropped from \$42,000,000,000 in March 1937 to \$32,109,000,000 in March 1938. There is a loss of \$10,000,000,000 of circulation in 1 year, comparing March 1937 with March 1938. The circulation in March 1937 was \$42,000,000,000; that is the real circulation, the exchange of money by way of checks. Now it has dropped by about 25 percent in 1 year.

Here is my point: It has dropped off \$10,000,000,000 as between March 1937 and March 1938, the present time, and it will continue to drop so long as the Federal Government pursues a policy that induces men not to put their money in enterprises. We can take the other figures here—and this is a public document; I am not bringing anything out of Wall Street. Here are the figures as to capital issues—a decrease of three billions a year, as compared with the 10-year average 1920-29.

When you do equity financing you induce money out to buy common stock; when you do other financing you induce money out to buy preferred stocks, you induce it out by a bond issue; but so long as a policy is pursued that prohibits men from putting their money in bonds, or common stock, or preferred stock, the circulation of money in the country is paralyzed.

The circulation has dropped \$10,000,000,000. The money in circulation, \$6,380,000,000, is of small consequence when compared with the circulation of that money by way of check transactions.

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired on the amendment.

Mr. BAILEY. Very well, I will save my time on the joint resolution itself.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Connecticut.

Mr. BAILEY subsequently said: Mr. President, will the Senator allow me to send forward the quotations from the stock market which I hold in my hand, to be printed in connection with my remarks? Here is the whole list, which I ask to have printed in the Record.

Mr. MINTON. I yield.

The PRESIDING OFFICER. Without objection, the matter will be printed in the RECORD.

The matter referred to is as follows:

Domestic bonds

Sales in thousands	High	Low	Close	Net change
118 Ala Pw 4 1/2 67	81	80 1/2	80 3/4	+1 1/4
11 Ala Pw 5 1/2 67	97 1/2	97 1/2	97 1/2	+1 1/4
5 Ala Pw 5 5/8	91 1/2	91 1/2	91 1/2	+1 1/4
1 Ala Pw 5 5/8	87	87	87	+1
3 Am GE 5 2028	108	108	108	+1 1/4
3 Am PL 6 2016	77	76	77	+2
2 Am Seat 6 40st	83	83	83	-1 1/4
*43 Ark La G 4 51	100 1/4	100	100 1/4	+1 1/4
5 Ark P & L 5 5/8	94	94	94	-1 1/4
11 Asso El 4 1/2 53	37	36 1/2	37	+1
13 As GE 4 1/2 49	25 1/2	24 1/2	25 1/2	+1 1/4
4 Asso GE 5 50	27 1/2	27	27	+1 1/4
3 Asso GE 5 5/8	26 1/2	26 1/2	26 1/2	+1 1/4
2 Asso TT 5 1/2 55A	73 1/2	73 1/2	73 1/2	-1 1/4
2 Tltan CEI 3 1/2 74	99 1/2	99 1/2	99 1/2	-1 1/4
*5 Bald Loe 6 50	65	65	65	-1 1/4
3 BellTCan 5 57B	120 1/2	120 1/2	120 1/2	-1 1/4
4 BellTCan 5 60C	121 1/2	121 1/2	121 1/2	-1 1/4
1 Broad Pw 5A 54	83	83	83	-1 1/4
2 Can NPw 6 52A	104 1/2	104 1/2	104 1/2	+1 1/4
13 Carol PL 5 5/8	88 1/2	88 1/2	88 1/2	-1 1/4
3 Cedar Rp 5 52	113 1/2	113 1/2	113 1/2	+1 1/4
1 Cen III PS 5 56E	101 1/2	101 1/2	101 1/2	+1 1/4
4 CenIIPS 4 1/2 67F	93 1/2	93 1/2	93 1/2	+1 1/4
2 CenIIPS 5 68G	100	99	100	+1 1/4
2 Cen Pw Lt 5 56	90 1/2	90 1/2	90 1/2	+1 1/4
13 CenSt El 5 46	32 1/2	31 1/2	32 1/2	+1 1/4
6 CenSEI 5 1/2 45aw	32	31 1/2	32	+1 1/4
3 CenStPL 5 1/2 53	46 1/2	46 1/2	46 1/2	+1 1/4
8 Cin S Ry 5 1/2 52A	78	77	78	+3
30 Cit S Gs 5 50	58	55 1/2	58	+2 1/2
2 Cit Srv 5 58	56	55	56	+1
3 Cit Srv 5 1/2 42	99 1/2	99 1/2	99 1/2	+1 1/4
3 Cy SvPL 5 1/2 49	54 1/2	54	54	+1 1/4
17 Cy SvPL 5 1/2 52	55	53	54 1/2	+1 1/4
8 Comm PL 5 57	72	70 1/2	72	+2
*2 CommuPS 5 50	98	98 1/2	99	+1 1/4
*11 Cmw Sb 5 1/2 48A	103	103	103	-1 1/4
19 CongSBt 5 39	104 1/2	104 1/2	104 1/2	-1 1/4
1 Con GBlt 4 1/2 54	122 1/2	122 1/2	122 1/2	-1 1/4
*6 CnsGEP 3 1/2 71	106 1/2	106 1/2	106 1/2	-1 1/4
12 Cnt GE 5 58A	78 1/2	78	78 1/2	+1 1/4
11 Cruc Sd 5 40	101 1/2	101 1/2	101 1/2	+1 1/4
1 Cud Pk 3 1/2 55	95 1/2	95	95 1/2	+1 1/4
1 Del El P 5 1/2 59	100	100	100	-1 1/4
2 Dmvz GE 5 49	108 1/2	108 1/2	108 1/2	+1 1/4
4 DetCy Gs 5 50B	101 1/2	101 1/2	101 1/2	+1 1/4
*8 SEast G&F 4 56	70 1/2	70 1/2	70 1/2	+1 1/4
2 Elec PL 5 2030	60 1/2	60	60 1/2	+1 1/4
2 Emp DEI 5 52	92 1/2	91 1/2	92 1/2	+1 1/4
35 EmprO&R 5 1/2 42	84	83 1/2	84	+1 1/4
3 Erie Lt 5 67	105 1/2	105 1/2	105 1/2	+1 1/4
3 Erie Lt 5 67	105 1/2	105 1/2	105 1/2	+1 1/4
1 FdWats 5 1/2 54	70	70	70	+1
1 Fire Co 3 1/2 48	102 1/2	102 1/2	102 1/2	+1
3 Fire T&R 5 42	103 1/2	103 1/2	103 1/2	+1 1/4
4 Flor P&L 5 54	84 1/2	83 1/2	84 1/2	+1 1/4
12 Gatin Pw 5 56	103 1/2	103 1/2	103 1/2	-1 1/4
4 Gen PL 6 1/2 56A	71 1/2	71	71	+1
1 GenWWK 5 43A	80 1/2	80 1/2	80 1/2	+1 1/4
10 Geo Pow 5 67	89	88 1/2	88 1/2	+1 1/4
1 Geo P&L 5 78	49 1/2	49 1/2	49 1/2	-1 1/4
2 Glen Alden 4 56	68	68	68	-1 1/4
34 GrandTrRy 4 50	85 1/2	85	85	-1 1/4
*1 GuardInv 5 48A	32	32	32	-1 1/4
5 HousLP 3 1/2 66	106 1/2	106 1/2	106 1/2	-1 1/4
1 HNoUtil 5 57	107 1/2	107 1/2	107 1/2	-1 1/4
4 HPL 6 53A	96	96	96	+1 1/4
1 HPL 5 1/2 54B	90 1/2	90 1/2	90 1/2	+1 1/4
5 HPL 5 56C	88 1/2	87	88 1/2	-1 1/4
13 IndPL 5 57A	105 1/2	105 1/2	105 1/2	+1 1/4
9 IndSrv 5 50	55	54	54	+1
21 Inter Pw 5 57	46 1/2	45 1/2	46 1/2	+1 1/4
3 Inter Pw 5 57	26 1/2	26	26 1/2	+1 1/4
3 IntPSer 4 1/2 58F	68	67 1/2	68	-1 1/4
1 KnNBLP 5 57A	95 1/2	95 1/2	95 1/2	+1 1/4
2 ItalSuPw 6 63A	42	42	42	+1
4 JaesnG 5 42stp	41	40 1/2	40 1/2	-1 1/4
17 JyCPL 4 1/2 61C	103 1/2	103 1/2	103 1/2	+1 1/4
5 KyUtil 5 61H	78 1/2	78 1/2	78 1/2	+1 1/4
5 LexUtil 5 52	90	90	90	-1 1/4
1 LongIsLt 6 45	87	87	87	+1
23 Louis PL 5 57	103 1/2	103 1/2	103 1/2	+1 1/4
7 MempPL 5 48 A	91 1/2	90	91	+1 1/4
*1 MengCo 4 1/2 478	76	76	76	-1 1/4
4 MetrEd 4 65 G	105 1/2	105 1/2	105 1/2	-1 1/4
4 MidVvRR 5 43	55 1/2	55	55	+1 1/4
1 MilGas 4 1/2 67	94 1/2	94 1/2	94 1/2	+1 1/4
3 MinPL 4 1/2 78	92 1/2	92	92 1/2	+1 1/4
3 Min PL 5 55	90 1/2	90 1/2	90 1/2	+1 1/4
6 MissPw 5 55	76 1/2	76	76	-1 1/4
22 MissPL 5 57	84 1/2	84 1/2	84 1/2	-1 1/4
*4 MoPSv 5 60A	66	66	66	-1 1/4
4 Nns&Sult 5 45	83 1/2	83 1/2	83 1/2	-1 1/4
30 Nat PL 5 2030B	74	73 1/2	74	+1
2 Nev Cal El 5 56	77	77	77	+1 1/4

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Domestic bonds—Continued

Sales in thousands	High	Low	Close	Net change
9 NENGGE 5 47	50	48 1/2	50	+2 1/4
11 NENGGE 5 50	50 1/2	49 1/2	50	+2 1/4
1 NENG Pw 5 1/2 48	79 1/2	79 1/2	79 1/2	+1 1/4
1 NENG Pw 5 1/2 54	83 1/2	83 1/2	83 1/2	+1
1 NwOrPS 5 42ST	90 1/2	90 1/2	90 1/2	+1 1/4
x3 NorPS 6 49A	73	72 1/2	73	-2
1 NY CnEl 5 1/2 50	93	93	93	-3 1/4
5 NYPORR 4 1/2 50	53 1/2	53 1/2	53 1/2	-1 1/4
5 NYPLt 1 1/2 67	107 1/2	107 1/2	107 1/2	+1 1/4
40 NYSTEG 4 1/2 80	92	90 1/2	92	+2
6 NYWIL 4 2004	104 1/2	104 1/2	104 1/2	-1 1/4
1 NoALP 5 1/2 56	80	80	80	-1 1/4
9 NoCnU 5 1/2 48A	42 1/2	42	42 1/2	+1 1/4
2 NoIndPS 5 39D	98	98	98	+1 1/4
13 NoStPMn 3 1/2 67	102	101 1/2	102	+1 1/2
3 OhPw 4 1/2 56D	105 1/2	105 1/2	105 1/2	+1 1/2
4 OkNatG 4 1/2 51	100	100	100	-1 1/2
7 Pac GE 6 41B	115 1/2	115 1/2	115 1/2	-1 1/2
10 P P&L 5 55	70 1/2	69 1/2	70	-1 1/2
5 PBCL&P 4 1/2 77	83 1/2	83	83	-1
1 P P S 6 47 C	103	103	103	+1
*4 P W&P 4 1/2 68 B	107 1/2	107 1/2	107 1/2	-1 1/4
1 P GLO 4 Bst B	89 1/2	89 1/2	89 1/2	-1 1/4
4 Phil E 5 1/2 72	111 1/2	111 1/2	111 1/2	+1 1/4
4 Pied E 6 1/2 60 A	56 1/2	54 1/2	55	+2
1 Pitts Sd 6 48B	90 1/2	90 1/2	90 1/2	-2 1/4
1 Port G Co 5 40	55	55	55	+1 1/4
1 Pot E 5 56 E	107 1/2	107 1/2	107 1/2	-1 1/4
*4 PS NI 4 81F	104	104	104	-1 1/4
2 PSP&L 4 1/2 50D	65 1/2	65 1/2	65 1/2	+1
2 Qns G 5 1/2 52	77	77	77	-1 1/4
5 San Ant 5 58 B	105 1/2	105 1/2	105 1/2	-1 1/4
1 ScullinSd 3 51	42	42	42	87
39 Sh WP 4 1/2 67A	104 1/2	104 1/2	104 1/2	-1 1/4
8 Sh W C 6 47	55 1/2	55 1/2	55 1/2	-1 1/4
7 S'east P&L 6 25	80	88 1/2	88 1/2	-1 1/4
*6 S C E 3 1/2 45	106	106	106	+1 1/4
*5 S C E 3 1/2 60B	107 1/2	107 1/2	107 1/2	+1 1/4
1 S Cal E 4 60	110	110	110	+1 1/4
9 S Car P 5 57	80	79 1/2	79 1/2	+1 1/4
3 S'w L&P 5 57A	98 1/2	98	98 1/2	+1 1/4
6 S'w PS 6 45 A	99 1/2	99 1/2	99 1/2	+1 1/4
8 S'w AST 5 61 A	95	94 1/2	95	+1 1/4
4 Std G&E 6 35	50	47 1/2	50	+2
11 Std GE 6 35 ed	48	47	48	+1
1 Std GE 6 35ev	50	50	50	+1 1/4
4 St GE 6 35 evcd	48	47	48	+1
16 Std GE 6 51	49 1/2	48 1/2	49 1/2	+3
5 Std GE 6 66 B	49	48	49	+1 1/4
14 Std PL 6 57	46 1/2	45	46 1/2	+1 1/4
9 Tenn ELP 5 56	88	88	88	+1 1/4
10 Tenn PSv 5 70	94 1/2	93 1/2	94	+1
1 Tex ElSv 5 60	90 1/2	90 1/2	90 1/2	-1 1/4
2 Tex PL 5 59	102	102	102	-1 1/4
7 Tol Ed 6 62	107 1/2	107 1/2	107 1/2	+1 1/4
8 TwCRT 5 1/2 52A	55 1/2	54	55 1/2	+1 1/4
5 Uln Co 6 50lvst	35 1/2	35 1/2	35 1/2	+1 1/4
3 Unit LP 5 1/2 59	100 1/2	100 1/2	100 1/2	+1 1/4
1 Unit LP 6 1/2 74	71 1/2	71 1/2	71 1/2	-1 1/4
1 Un L&R 6 73A	70	70	70	-1 1/4
3 Utah PL 6 2022A	73	73	73	-1 1/4
2 Va PSv 6 46	74	74	74	-1 1/4
5 Va PS 5 1/2 46A	85	84	84 1/2	+1 1/4
10 Va PS 5 50B	82 1/2	81 1/2	82 1/2	+1 1/4
*4 Wald-Ast 5 54	18 1/2	18 1/2	18 1/2	+1 1/4
2 West P 5 50	102 1/2	102 1/2	102 1/2	-1 1/4
6 WTx Ut 5 57A	88	87 1/2	87 1/2	-1 1/4
4 WnUGE 5 1/2 55A	105 1/2	105	105	-1 1/4
1 Wis MLP 5 44	106 1/2	106 1/2	106 1/2	+1 1/4
5 Yackn B 5 41	101 1/2	101 1/2	101 1/2	+1 1/4
12 York Rys 5 37st	80 1/2	75	80	+8
3 York Rys 5 37	79 1/2	79	79 1/2	+4 1/4

Public-utility stocks

	Bid	Ask
*Alabama Pw 7% pf	60 1/2	62 1/2
Amer States Util pf	11 1/2	12
do com	1 1/2	2
Amer Util Serv pf	4 1/2	5 1/2
do com	3 1/2	4 1/2
*Ark Pwr&Lt 7% pf	70	72
*Assoc G&E orig pf	2 1/2	3 1/2
*Assoc G&E 6.50 pf	4 1/2	5 1/2
*Assoc Gns Elec 57	4 1/2	6
*Atl City El 6% pf	105	105
*Bangor Hy 7% pf	120	123
*Birm Elec 57 pf	60	63
*Buff N&E \$1.60 pf	20 1/2	21 1/2
*Caro P&L 6% pf	64	65 1/2
do 7% pf	70	72 1/2
*Cent Me Pwr 55 pf	62 1/2	65
do 7% pf	72 1/2	75
*Cent P&L 7% pf	69	71
*Citizens Util com	1	1 1/2
Conn Lt & Pw	48	50
Conn Power	41	43
*Consol E&G 56 pf	6	8
*Consol Trac N J	30	32

Public-utility stocks—Continued

	Bid	Ask
*Consum P \$5 pf.....	92	93 $\frac{1}{2}$
*Cont G&E 7% pf.....	63 $\frac{1}{2}$	70 $\frac{1}{2}$
*Dallas P&L 7% pf.....	114	118
*Derby G&E 7% pf.....	27	31
*Essex & Hud Gas.....	105	
*Federal Wat Serv.....		
*do \$6 cum pf.....	17 $\frac{1}{2}$	18 $\frac{1}{2}$
*do \$6.50 cum pf.....	18	20
*do \$7 cum pf.....	19 $\frac{1}{2}$	21
*G & E of Bergen.....	123	
Hartford Elec.....	544	56
*Hud County Gas.....	185	
*Idaho Pow \$5 pf.....	97 $\frac{1}{2}$	100 $\frac{1}{2}$
*Idaho Pow 7% pf.....	108 $\frac{1}{2}$	110 $\frac{1}{2}$
*Int State Nat Gas.....	21 $\frac{1}{2}$	23
*InterState P \$7 pf.....	4	5 $\frac{1}{2}$
*Iowa So Ut 7% pf.....	37	38 $\frac{1}{2}$
*Jamaica W 7 $\frac{1}{2}$ % pf.....	52	55
*JerCent P&L 7% pf.....	75	76 $\frac{1}{2}$
*Kan G&E 7% pf.....	106	108
*Kings Co Lt 7% pf.....	34	37
*Long Isl L 6% pf B.....	26 $\frac{1}{2}$	28 $\frac{1}{2}$
*do 7% pf A.....	31	32 $\frac{1}{2}$
*Memph P&L \$7 pf 4.....	63 $\frac{1}{2}$	65 $\frac{1}{2}$
*Miss Power \$5 pf.....	49 $\frac{1}{2}$	53
*do 7% pf.....	60	63
*Miss P&L \$6 pf.....	52 $\frac{1}{2}$	54 $\frac{1}{2}$
*Miss River Power 6% pf.....	104 $\frac{1}{2}$	107
*Mo-Kan Pipeline.....	4	4 $\frac{1}{2}$
*Monongahela West Penn W S 7% pf.....	23	25
*Mountain States P 7% pf.....	19 $\frac{1}{2}$	22
*Nass & Suft 7% pf.....	12	14 $\frac{1}{2}$
Nat Gas & Elec.....	294	3 $\frac{1}{2}$
*Nebraska Pw 7% pf.....	105	106 $\frac{1}{2}$
*Newrk Caons Gas.....	125	
*New Or P S \$7 pf.....	64	66
*NY P & L \$8 pf.....	85 $\frac{1}{2}$	87 $\frac{1}{2}$
*do 7% pf.....	96	98
*Nor States Power (Del) 7% pf.....	61 $\frac{1}{2}$	64 $\frac{1}{2}$
*Nor States Power (Minn) \$5 pf.....	92 $\frac{1}{2}$	93
*Ohio Edison \$6 pf.....	86 $\frac{1}{2}$	88 $\frac{1}{2}$
*do \$7 pf.....	98	100
*Ohio Pow 6% pf.....	110 $\frac{1}{2}$	112
*Ohio Pub S 6% pf.....	83 $\frac{1}{2}$	85
*do 7% pf.....	92 $\frac{1}{2}$	94 $\frac{1}{2}$
*Okla G & E 7% pf.....	98	100 $\frac{1}{2}$
*Pa P & L 7% p.....	55 $\frac{1}{2}$	58 $\frac{1}{2}$
*Penn P L 7% pf.....	85 $\frac{1}{2}$	87 $\frac{1}{2}$
Potomac Ed 7% pf.....	105	
*do 6% pf.....	91 $\frac{1}{2}$	93 $\frac{1}{2}$
*Qu Boro G-E 6% pf.....	19	22
*Rep Nat Gas.....	3 $\frac{1}{2}$	4 $\frac{1}{2}$
*Roch G&E 6% pf C.....	89	93 $\frac{1}{2}$
*Sioux C G&E \$7 pf.....	79 $\frac{1}{2}$	81 $\frac{1}{2}$
*So Cal Ed 6% pf B.....	21 $\frac{1}{2}$	23 $\frac{1}{2}$
*So Jersey G&E.....	185	
*Tenn El Pow 6% pf.....	60 $\frac{1}{2}$	62 $\frac{1}{2}$
*do 7% pf.....	62 $\frac{1}{2}$	64
*Texas P&L 7% pf.....	92 $\frac{1}{2}$	94 $\frac{1}{2}$
*Toledo Edis 7% pf.....	93 $\frac{1}{2}$	100 $\frac{1}{2}$
*Unit G&E C 7% pf.....	62	65
Unit Pub Serv com.....	1 $\frac{1}{2}$	2
Unit Pub Util 3 pf.....	10 $\frac{1}{2}$	11 $\frac{1}{2}$
*do \$2.75 pf.....	9 $\frac{1}{2}$	10 $\frac{1}{2}$
*do "A" com.....	$\frac{1}{2}$	1
*Utah P&L 7% pf.....	33 $\frac{1}{2}$	35
*Virginia Ry.....	116	122

† Ex dividend.

Mr. MINTON. Mr. President, I shall take only a few minutes. The Senator from North Carolina [Mr. BAILEY] has quoted from newspapers and periodicals to show that stocks of certain utilities at the present time are perhaps exceedingly low. I shall not dispute that statement; perhaps they are.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. SCHWELLENBACH. The Senator from North Carolina gave a list of the stocks. I am not familiar with the market of all these stocks, but I happen to remember one of them. He said that the Associated Gas & Electric preferred stock was selling for twenty-five and a quarter dollars. I happen to remember that when Mr. Hobson, of the Associated Gas & Electric Co., was before the committee 2 years ago he testified that in 1933 that same stock which now, according to the figures quoted by the Senator from North Carolina, is selling for \$25.25 was selling for \$1.75. So apparently Associated Gas has not fared so badly.

Mr. MINTON. Mr. President, I shall not dispute the fact that some of these utility stocks are low; at this time I shall not dispute the statement of the Senator from North Carolina that, by and large, these stocks are not owned by rich people. It is probably true, as the Senator says, that they

are owned widely, and that money of the small investors is invested in these stocks, but I do not think that the money of widows and orphans is largely invested in stocks of this kind. I do not think that anybody charged with the responsibility of a trust would invest anyone's money in stocks of this kind. In my State it would be illegal, and a trustee would be liable on his bond if he did so, and, in addition to that, he would go to jail. So, I do not think the money of widows and orphans is very largely invested in this kind of stock.

But, Mr. President, the Senator from North Carolina has asserted that the policies of the present administration, if I understood him correctly, are responsible for the low levels to which these stocks have fallen.

Let me remind the Senator that in 1929 stocks started down and went to the lowest level they have ever attained in the history of this country. At that time we were living under an administration which held that a utility could do no wrong. Throughout the entire administrations of Harding, Coolidge, and Hoover, business, including the utilities, had carte blanche to do anything it pleased, and business took advantage of it. Before the year 1929 closed we were plunged into the worst panic this country has ever seen, and before the administration of Mr. Hoover was over, when business had carte blanche to do as they pleased, even when the house was falling down upon their heads, stocks fell to the lowest level they had ever reached in all the history of this country.

In my State, when the Insull empire toppled in 1929, the people who had invested their money in Insull stocks, with the representation of the then administration that all was well with business and everybody had a green light, saw those stocks fall from 100 and better down to less than a dollar a share. They were not worth the paper on which they were written because they had no value behind them. The value that the Senator from North Carolina is talking about just did not exist, because those stocks, common and preferred, and even many of the bonds of that organization, were not worth the paper on which they were written.

Mr. President, that happened not under the present administration, not under the Roosevelt administration, which the Senator from North Carolina says is hostile to business, and that, if it would only modify and change its policies, everything would be fine and lovely for the business world, especially for the utilities, when we all know that they could not have had more leeway than they had under Harding, Coolidge, and Hoover. So, Mr. President, it seems to me the argument of the Senator from North Carolina does not hold up in the light of all of our recent experiences.

Now, just a word about the other phase of the particular amendment which is before the Senate.

The Senator from Connecticut [Mr. MALONEY] has offered his amendment in the utmost good faith, in an effort to solve a very difficult problem; but, as has been so clearly pointed out by the distinguished Senator from Nebraska [Mr. NORRIS], any amendment of this part of the joint resolution will only lead to continued litigation. The utilities have just come fresh from the courts, as the Senator from Nebraska pointed out. They have challenged the right of the P. W. A. to spend any money to aid a municipality to establish and build any kind of a utility plant. They challenged it at every door, in every court in the land, and went clear to the Supreme Court of the United States. In the case of Alabama Power Co. versus Ickes, Mr. Justice Sutherland said to the Alabama Power Co. "You have not any vested right in a monopoly. The municipality had a perfect right to set up a competing utility, if it pleased, against the existing utility, and you have no vested right in your monopoly. If your monopoly fails because of this kind of competition, there is not a court in the land that can hear you, because it is *damnum absque injuria*. You may have some damage, but you have not any injury."

That is what the Supreme Court of the United States said to the utilities when they arrived at the highest Court of the land. That, I think, was the unanimous opinion of that Court. Perhaps Mr. Justice McReynolds dissented.

I am not sure; I think perhaps he did; but Mr. Justice Sutherland wrote the opinion.

I want to be sure about that. I really think the opinion was a unanimous one. Yes; it was a unanimous opinion. Every member of the Court said to the utilities: "You are wrong about this matter. The municipalities of the country have a perfect right to build competing utilities, and the P. W. A. has a right to lend them money to build competing utilities."

Having lost the battle in the courts clear up to the Supreme Court of the United States, and finding themselves at last stopped by the law of the land in the highest court of the land, the utilities now come to the Congress of the United States and seek a remedy by way of legislation to undo all that has been done heretofore; in other words, to clear away the obstruction which the courts have placed across their pathway, and make it possible again for the utilities to go into court and challenge the right to spend on the basis of whether or not the price offered is reasonable and fair, and what not. As the Senator from Nebraska pointed out, just as surely as we put any amendment of that nature on this joint resolution we shall be challenged in the courts time and time again by the utilities with injunctions and suits asking for constructions of this measure, and again the people of the country will be denied that which they seek.

As the Senator from Texas [Mr. CONNALLY] pointed out, we can do under the law as it now exists everything that anybody wants to do; namely, negotiate with the utilities for the purchase of their property. We do not have to amend the pending joint resolution in order to do that. I think we all agree that no attempt would be made by any municipality, at least not with the encouragement and aid of the Federal Government, to establish a competing utility if it had not carried on legitimate negotiations with the existing utility for the purchase of its property. But bear in mind that the utility in that community exercises a monopoly; and having that much of a stranglehold upon the community, and wanting to continue not only in its monopoly but to strangle the community and force them to pay for the property more than it is worth, why should not the people themselves have the power to step in and build a competing utility? Why should they be held up by the utility first with an exorbitant rate, and then when they try to protect themselves against an exorbitant rate, be held up a second time by an exorbitant price for the utility's property?

So, Mr. President, we are not seeking to confiscate anybody's property. We are seeking only to enable the people who have granted franchises to utilities which exercise a monopoly to protect themselves against the exercise of monopolistic powers by the utility. That is all that we seek to do. We do not want to hamper the Administrator of the P. W. A. funds provided in the joint resolution by limitations which will enable the utilities again to drag us through all the courts in the land, year after year. We seek legislation that will enable the Administrator only to administer the funds in such a way that the people of the country may protect themselves against the monopoly, and protect themselves against the inordinate rates and exorbitant prices which may be charged by the utilities.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, informed the Senate that Mr. RANDOLPH had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2475) to provide for the establishment of fair labor standards in employments in and affecting Interstate Commerce, and for other purposes, vice Mr. GRISWOLD, resigned.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9995) making appropriations for the Military Establishment for the fiscal year ending June 30,

1939, and for other purposes, and that the House had receded from its disagreement to the amendments of the Senate numbered 20 and 30 to the bill and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 7, 10, 11, 12, and 19 to the bill and concurred thereon, and that the House had receded from its disagreement to the amendments of the Senate numbered 15, 20, 21, 22, and 23 to the bill and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

RELIEF AND WORK-RELIEF APPROPRIATIONS

The Senate resumed the consideration of the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects.

Mr. BONE. Mr. President, I doubt if any of us can escape the conviction that in this session we are witnessing an attempt to throw into reverse all of the New Deal activities of the Congress of the United States with respect to the utility problem.

In 1935 we passed the Wheeler-Rayburn bill, and it then seemed that the New Deal was determined to give the people of the country real relief from the exactions, extortions, and abuses inherent and implicit in private ownership of power. It seems to me there can be no escape from the conclusion that if either of the amendments proposed to this part of the joint resolution shall be adopted, we will completely reverse ourselves and undo everything that we of the New Deal, the Democratic Party, have so far done in the utility field, for we will be going in an opposite direction.

If the language of the committee be adopted—and, parenthetically, let me say I am happy that the committee members have indicated a disposition to abandon the committee amendment—all hope of really helping public power development in this country will be as dead at Tophet. If the amendment of the Senator from Connecticut [Mr. MALONEY] is adopted, we will open the gateway to interminable injunction suits in the courts. When we attempt to say that a fair and reasonable price must be previously agreed upon, we do not, by that language, deprive the courts of jurisdiction if they are appealed to. By that sort of language we virtually abrogate a rule of law in the States relating to the right of a public body to condemn a power system. If we deprive any locality of Government aid, loan, or grant if it elected to condemn, we present an impossible picture to them. So the act of Congress would be tantamount to striking from the hands of the local organization the power of condemnation if they elected to pursue that sort of a remedy, for if they did they would get no aid from P. W. A.

Mr. MALONEY. Mr. President, will the Senator yield to me?

Mr. BONE. I yield.

Mr. MALONEY. I should like to ask the Senator if he is familiar with the perfecting amendment offered by the Senator from Nevada [Mr. PITTMAN].

Mr. BONE. I have not read the exact language of the amendment, but I heard part of the discussion; and it is my judgment that that amendment would not keep out of the Federal courts the power districts and public bodies which seek aid from the Government if a private company elected to take them in. In other words, it would let down the bars to a new flood of injunction suits at the very moment when we have achieved a complete victory in this particular field. Now we are going to undo it all. We are going to discard all that has been done before, and lay

down a new principle which is fundamentally different and a complete departure from the thing we have heretofore elected to do. I cannot escape a feeling of great regret, and a feeling that we are simply undoing, wholly and completely, everything we have done along this line up to this time. It is a repudiation of one of the fine accomplishments of the New Deal.

Mr. MALONEY. Mr. President, will the Senator yield to me for a moment further? I should like to say that I completely disagree with him. The amendment is a step forward in the program we have pursued up to now; and I should like to be sure that the Senator recalls that I participated in the program to which he refers.

Mr. BONE. I should be happy to yield all the time possible to my friend from Connecticut; but my time is very limited, and it is desired to have a vote on this matter as soon as possible, so I do not like to yield time if I can avoid it.

Mr. President, out in the Northwest, as well as in the great Tennessee Valley, the Federal Government has undertaken large power developments at considerable expense. Out in my part of the country, by virtue of State laws, and in other sections of the country by virtue of State laws suggested by the Department of the Interior at the time these loans were first proposed, legislation authorizes districts and localities to set up publicly owned power systems.

Such a legal development is the direct outgrowth of years and years of the most flagrant abuses that ever challenged the Nation. Private power companies of this country have no one but themselves to blame for the picture that is now presented in the form of public ownership.

I have listened to the talk about widows and orphans holding stock. I have heard it in my section of the country for 20 years. Let me give Senators an illustration of this widow and orphan business. There is a little river in the southern part of my State on which a 15,000 horsepower plant was built by a private corporation. That plant cost, according to the sworn statement of the company which built it, the sum of \$1,230,000. It filed on the water right, which was the right to utilize the waters of that river.

This company built a dam. It issued one block of common stock which did not represent one penny of investment, one block of common stock amounting to \$10,425,000, or eight times the capital cost of the whole plant. On that capital stock for many years that company earned and paid from 10 to 15 percent to the insiders to whom it was issued. Each year the return on that common stock was more than the entire capital cost of the whole plant. That plant was within a few miles of the home of the senior Senator from the State of Oregon. It is known as the White Salmon plant.

Mr. President, that stock was placed in the hands of the men who later controlled the holding company which controlled the operating company. We hear about the troubles of the railway corporations of this country, and the statement has been made, not only by well-intentioned but well-advised individuals in this body, and elsewhere, that the only salvation for the railway set-up in this country is, to use a vulgarism, to "put them through the wringer" to get rid of the abnormal capitalization; not abnormal from the standpoint of the railway company executives, but abnormal in size from the standpoint of capacity to earn on the securities on present-day revenues of the railroads.

Not so with the power companies. They issued vast floods of securities on which they made earnings. One holding company came into my State and bought the control of a private power company for \$26,000,000, and immediately thereafter issued \$52,000,000 worth of stock against the property so acquired. The claim is made that there is no relationship whatever between the extent of stock issues and the rate base or the earning power of the company. Then why such an issue of stock, unless they were capitalizing hopes? That stock may have passed into the hands of so-called innocent purchasers, but just ask yourselves this one question: Is the Congress of the United States going to

validate all of this kind of stock by legal action, by the enactment of legislation? If you are going to attempt to validate stock of this kind, by breathing the breath of value into such securities, then the solemn duty rests upon you to also validate and give legislative value to every share of stock of every bank that was in trouble; of every private business enterprise that was in trouble or failed.

Why, forsooth, single out power companies to validate their operations and stock values when you as Senators of the United States refuse to validate operations and stock values of other companies and other forms of business enterprises which have failed or suffered losses that affect security values? Ask yourselves why we, as Members of Congress, are made the target of solemn demands to validate power company securities, when we would repel immediately the thought that we should validate the securities of all other forms of business organizations. You can search your hearts in vain to find an answer to this query.

Why pick out power companies as the sole object of our tender solicitude? Is there a Member of the Senate who would validate the \$10,500,000 of wind and water I have mentioned, which was issued by the Northwestern Electric Co. and turned over to a holding company, on which there was an earning of from 10 to 15 percent a year for many years? Would we deliberately validate an operation whereby a company was permitted to earn a million dollars a year or nothing? Can it be that the Congress of the United States would consciously lend itself to that sort of an operation? Yet it solemnly proposed to our committees that we as Senators of the United States should validate that sort of an operation in the interest of widows and orphans.

Many widows and orphans have bought other kinds of stock, but I have yet in my service here to hear an argument made on this floor that we validate any other kind of securities issued by other forms of business organizations. If there is any Senator who knows when that sort of an argument has been made, and by whom, I should be glad to be enlightened. But, strange as it may seem, we pick out the power companies alone as the object of our solicitude. Why? Banks have closed in this country by the thousands and their stock has become worthless. Men have lost their savings, but I hear no argument that we should breathe the breath of life into these bank stocks. They, too, may have been owned by widows and orphans who have equal right to claim our support.

Power companies are entitled to claim depreciation on their entire valuation; and let me say that power companies have not hesitated to carry water-power rights into their rate base for the purpose of making rates. Imagine that, capitalizing a flowing stream which cost nothing. Imagine claiming depreciation on water power itself. If one can find a more astounding claim than that put forth among men from the dawn of time down to the present, I should like to know what it is. Capitalizing gravity, and claiming depreciation on gravity must be great sport.

Mr. President, I have before me a clipping from a Washington, D. C., newspaper, which states that the local telephone company made a claim for \$4,000,000 for going-concern value. Mind you, it has a monopoly here, there is no other telephone company here, but this company wants to capitalize \$4,000,000 of value because it enjoys a monopoly in this field. It would have the people of Washington, D. C., pay interest and dividends on \$4,000,000 of phantom dollars which it wants made very real by the alchemy of law. They may have gotten away with it, for all I know. Monopoly takes a fearful toll.

We are told that all the power companies lack now is confidence. I think the most abused word today in the English language is the word "confidence." I am astonished that anyone really wants to employ that word seriously any longer.

Fresh in our minds are the experiences of the lush days of the twenties, when the power companies and everyone else had limitless confidence. The power company I have mentioned had so much confidence in its ability to fleece the

public that it translated absolutely nothing into ten and a half million dollars and made earnings on it, and would have continued to do so for the rest of eternity if it had not been stopped by appropriate action.

Confidence was the keynote of everything that was done in the era of Republican rule, and it was the keystone of the arch, on which rested all the gigantic operations that came under the observation of the Federal Trade Commission and Senate committees, and some of which, thanks be to God, were stopped in their tracks by law.

The power companies had ample confidence in 1926, 1927, 1928, and in 1929, at the time the bottom fell out.

The PRESIDING OFFICER. The time of the Senator from Washington on the amendment has expired.

Mr. BONE. I will speak on the joint resolution.

The PRESIDING OFFICER. The Senator is recognized on the joint resolution.

Mr. BONE. There was ample confidence in 1929 to sustain our economic structure if that was all we needed. But the reason the bottom fell out of power-company values was the reason I have indicated. It was becoming known to the people that the values represented by the capital write-ups of these companies were absolutely fictitious values, without a semblance of reality. The men who did that sort of thing came to know that they were without real value. As a consequence, the bottom fell out.

We are told that we will confiscate these properties by public competition. One of the most astounding things is the argument made that competition is a bad thing. The Republican Party in its platforms upon at least one, and probably more, occasions—and if I am in error, my Republican colleagues will correct me—pronounced the doom of monopoly, asserting that monopoly was an intolerable and indefensible thing. The Democratic Party, not to be outdone in service to that ideal, announced with fervor and vigor—in fact, with a fervor that registered 800 in the shade—that monopoly was intolerable and indefensible. Yet we are now told it is a very bad thing to have public competition with the Power Trust monopoly.

Upon what sort of political meat has this Caesar of business fed that it now boldly claims immunity from any form of competition? If competition is a bad thing, then the capitalistic system is in a very bad way. In fact, one might easily foresee its end if competition is to be abolished. Yet arguments heard in the Senate call for the abolition of competition—with the Power Trust.

I know of no other business that comes to us and demands that we relieve it of any competition. Power companies claim that competition confiscates their property. But what happened to the property of the people in my State and in Oregon who from their slender purses were compelled to pay interest and dividends on ten and a half million dollars of wind and water? That was confiscation with a vengeance. Their property was confiscated by due process of law, sanctified, or at least ignored, by the regulatory provisions that were in force in the States of Washington and Oregon.

The one hope of the people in the Northwest, and I think of many other sections of the country where the Government is engaged now in the development of big power systems, is in the assistance the Federal Government may now, with perfect propriety and in perfect justice, give these localities in the development of their public power systems.

If the language which is suggested in either amendment remains in the joint resolution, it will strike from the hands of the people of the great Northwest and other sections of the United States the power to develop many of the public power systems that are now being developed and in contemplation.

Let us examine the language of the first suggested amendment in the bill. It provides that no loans can be made to any income-producing project which will compete with any existing privately owned or privately operated public utility whose rates are subject to public regulation.

That means that not another one of these plants now in contemplation, these public developments out in my Northwest, could ever come into existence. Senators, not one of these public power developments will ever come into existence by virtue of this legislation if the joint resolution be passed with that committee amendment in it. Private companies there are subject to so-called State regulation.

I think the amendment tendered by the Senator from Connecticut possesses the same fatal defect. It would provoke interminable lawsuits. It would tie up nearly every one of these proposed developments in my section of the country, and in other sections of the country where plants of this kind are in contemplation if adopted by the Senate.

But I think over and above this consideration is the stark fact that right now we are getting this whole New Deal program of ours in reverse. There is no question about that. Out in my country we have electrified rural districts. But in my own State, as complete as has been the fight out there for public power development and private development in rural areas, only 41,931 farms out of 86,000 farms in my State receive electric service. That is not the happiest showing. One of the things which is contemplated now in the State of Washington and in other sections of the country is the development of rural areas by R. E. A. loans and by loans and grants to public bodies which want to go into the power business.

I do not share the view that private companies are badly hurt. I have before me an editorial from a Washington, D. C., newspaper of a few months ago pointing out the earnings of the Commonwealth & Southern Co., a prominent holding company in the T. V. A. section. What is shown in this editorial does not square with the pitiful claims made on the floor of the Senate that these companies are being grievously wounded by what is going on. In 1934 the net earnings of Commonwealth & Southern were \$7,400,000, according to this editorial. In 1935 the net earnings of that company were \$9,400,000. In 1936 they were \$13,300,000, and for the year ending October 30, 1937, they were \$15,900,000. The earnings were going up at a very sharp angle. That is a holding company. It produces these earnings out of the operating companies which it controls.

Mr. President, there is a challenge to all this—a challenge which, it seems to me, goes to the very roots of the thing that we contemplate as truly American.

I recall being in the State of Oregon some time ago at a time when a case was being tried in the Supreme Court of the State of Oregon, which revolved around the right of the city of McMinnville, Oreg., to sell some of its power outside of the city. I think one of the potential customers it desired to serve was a golf club. The suit was brought upon the complaint of a power company, which sought to restrain the city of McMinnville from selling power outside city limits. Senators, listen to this language. You would think it was the feudal system which was being discussed, and not the American system of free competition in the year 1930.

The case to which I refer was Yamhill Electric Co. against the city of McMinnville. In that case the complaint of the private power company set forth that the private company had for a long time served the outside territory and expended large sums of money serving the people of Yamhill County. Then the complaint set forth:

That by reason thereof, the whole of Yamhill County, Oreg., with the exception of the said city of McMinnville, Oreg., now is, and for a long time prior thereto continually has been, the territory belonging to the said plaintiff as a public utility in the furnishing and sale of electric power and light.

Imagine the use of the possessive case by a private utility. Observe that it boldly asserts that the county "belongs to it," and that the city had no right under the law to put a line out there to serve the people of that county. That contention was based on another one of these blessed certificate of necessity and convenience acts which have sprung into existence on the statute books. I believe the first of them were written into the statutes of the State of Massachusetts; such statutes create by law a monopoly, an

airtight monopoly. Then when the monopoly is enthroned under a certificate of necessity and convenience, the company follows the usual devious routes of injecting fictitious values into its rate base, and the trimming of the public proceeds apace.

I am sorry the Senator from Indiana is not now present. I remember the McArdle case in Indianapolis, in which a water company had expended over the years something like \$10,000,000 in the building and development of a private water system, and when they got through with all of the shenanigans in connection with the establishing of a rate base, the value of the company as a going concern was increased, as I remember, by about \$7,000,000. On this value, added by various methods of inflating a rate base, the people of Indianapolis must pay interest and dividends for all time.

Mr. President, the alchemist of the Middle Ages took a little bit of base metal, such as lead, and transmuted it into gold. That was considered the outstanding stunt of all times. That was the most astounding thing that a man had ever been able to achieve. But, Senators, power company alchemists nowadays have these old fakers completely shaded. With high-pressure experts, and clever valuation engineers, power companies are able to pump pure wind and water into a rate base, and thereby translate phantom dollars into real dollars; translate nothing into something; translate engineers' theories into millions of dollars of real value; on which the American people must pay interest and dividends forever. Every expert who has ever examined this field knows that is true. When anyone lays profane hands on that sort of a golden calf he is met with the charge that he does violence to fundamental American ideals and ideas.

Mr. President, if we are going to validate that kind of business, then it behooves us to attempt to validate every other kind of irregular business under the sun.

I think it is a fair thing for us to let the people of the United States know that when we adopt these amendments the Senate of the United States has very calmly elected to undo all that the New Deal has done in the electrical field up to now. I do not like to be harsh in my judgments, because I want my brethren to be tolerant of me, but I know as surely as I stand in my place in the Senate that if either of these amendments is adopted we are going to undo all our previous efforts. We are going to strike from the hands of our public officials the last bit of ability to help these public outfits in the West which want to develop their own plants. In my State of Washington I am going to be compelled to tell the people that our party has abandoned the power fight. Our President came to my State and announced principles that appealed to the progressive views of its people. We should not abandon them. The President of the United States pointed out to the people of the great Northwest the possibility for cheap power.

Senators may not know what cheap power means to us. When I look at the tax charts on the wall I want to smile. The plant in my city of Tacoma gives to the city of Tacoma street lighting for half what it would cost if furnished by a private concern. It would cost the city thousands and thousands of dollars more if it bought that current from a private company. When comparison is made between the domestic rate charged by the city of Tacoma and the rate charged by the city of Chicago, or other cities, the comparison is astounding. The difference between the charge for electric energy made in many of the cities of the East and the charge made for electricity in my city of Tacoma would operate my city of Tacoma without the levy of one penny of tax on a human being in that city. We pay rent for offices in the city hall there for the light system. Our lighting system is run as an independent entity. It stands on its own bottom and is as solid as the Rock of Gibraltar.

Talk about private companies paying taxes. Let me give a little illustration. The city of Puyallup, Wash., condemned a private utility operating in that city a few years ago. Engineers and valuation experts went on the witness stand and testified that the system was worth from \$400,000 to \$500,000, and it was earning a good return on that valua-

tion. I was in the Federal court when that testimony was given, as I was interested in the case. I went down to the office of the county assessor, to determine how much tax that company paid on this half-million-dollar property. It was earning a good return on half a million dollars, a fine return, a return which would satisfy the average businessman. How much, Mr. President, do you suppose the half-million-dollar property was carried for on the tax rolls? It was assessed for taxation purposes at \$15,000.

The power companies in my State, during an election campaign out there—and, by the way, they gave me a successful drubbing on that issue—put out half a million circulars proclaiming that they had \$300,000,000 worth of property on the tax rolls, and were paying taxes on it like any other citizen.

What were the facts? That year the average normal tax was about 72 mills in my State. Using this as a basis of computation, the private companies paid on a value of \$9,470,000, or less than one-thirtieth of what they claimed to be the true tax worth of their properties. I have thousands of pieces of literature in my possession containing the tax arguments of power companies, which are disproved by the cold records made under oath by their executives.

I have on my desk an editorial from the *Electric World*, containing a bold plea to power companies to go still deeper into politics, and a bald threat that they are going into politics in every community and in every congressional district, and are going to elect every man they can, from top to bottom, in order to defend such set-ups as the White Salmon affair, which I have discussed.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BONE. I shall be very glad to yield.

Mr. WAGNER. I take it there is a public utilities commission in the Senator's State regulating the rates of private utilities.

Mr. BONE. There is.

Mr. WAGNER. In connection with the instance which the Senator just cited, is the amount upon which the utilities pay taxes the sum used as the basis for fixing rates?

Mr. BONE. It is not. In fact, the utilities commission had nothing whatever to do with the assessment of taxes. That was done by the local county assessor.

Mr. WAGNER. I take it that when it comes to taxing their properties, the values which the utilities place upon their properties is one sum; but when the rate base is fixed, upon which they may be permitted to earn a certain percentage—4 or 5 percent—then I take it the value claimed is a larger sum.

Mr. BONE. Oh, yes. It is abnormal. The power companies in my State—and I think the situation is typical of all States—introduce a great many phantom values into their rate bases. I remember a certain editorial published in a newspaper in the southern part of my State. The utilities were fighting a power bill which was initiated in the State by the State Grange. The editor said in this editorial:

The power companies of this State are putting \$20,000,000 worth of new property on the tax rolls every year.

He meant to imply by that, and to assert—and it was an argument—that every year \$20,000,000 of new taxable wealth went on the tax rolls, to relieve home owners of taxes. That very year the normal tax in my State was around 70 mills.

Using that as the rate which was applied to our homes, the total tax paid by all the private power companies in my State reflected a tax on only \$17,500,000 of power-company value in the whole State. In other words, if they had paid a 70-mill tax on an actual value of \$17,000,000 plus, they would have paid as much money as they actually paid. That statement was 5 years after the \$300,000,000 statement. If the statement was true, they would have had \$400,000,000 worth of property on the tax rolls, according to the arguments of the Power Trust editors, and they would have paid taxes on \$400,000,000, which is the value the utilities claimed.

Mr. WAGNER. Does the Senator know, in that particular instance, what value was claimed for rate-making purposes? It must have been a very much larger sum.

Mr. BONE. Despite the fact that we have the orthodox regulation in my State, for years and years probably the largest private power company in that State had never been evaluated for rate-making purposes. The commission merely took the book values or plant values. They took the company's word, because the State legislature had not made money available to the public utilities commission to make the studies; and when the commission did not have the money, they merely took the company's word, because they had to take it. One other company had been evaluated.

In my city of Tacoma when we built the power system we issued bonds to build it, and we paid off the bonds. Today the system, which is worth probably \$30,000,000, has a debt of about \$4,000,000, and we are paying that debt off at the rate of somewhere around half a million dollars a year. Does the Senator realize what that means?

Mr. WAGNER. Yes.

Mr. BONE. In a little while we shall have a \$30,000,000 plant and there will not be one penny in its capital structure.

Mr. WAGNER. I was in the Senator's great city and saw the plant referred to. Does the Senator know just what the disparity is between the values which were used for taxation purposes and the values claimed for rate-making purposes?

Mr. BONE. I should say that the ratio runs all the way from 7 or 8 to 1 up to 30 to 1. In other words, the values of the private power companies in my State, for rate-making purposes, have been as much as 30 times the values on which they paid taxes.

Mr. WAGNER. Then it seems to me someone is not performing his duty. Either the tax assessor is not performing his duty or the public utilities commission is not performing its duty. Otherwise the disparity could not exist.

Mr. BONE. Let some unfortunate wight in public office suggest that and the condemnation of the press is made to descend upon his head. Certain newspapers arise with one accord and with altitudinous elan and wild acclaim call down upon his head the mildew of the Almighty's wrath.

I ask Senators what is fundamentally wrong, or what is morally wrong about a city like Tacoma selling cheap power to the farmers? Why should my State be in serfdom and bondage to an alien corporation which has no other purpose than to squeeze all the money it can out of the people? The State has been blessed by the Almighty with the most wonderful rivers, which may be harnessed, and from which the cheapest power on earth may be pumped into homes.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. BONE. I yield.

Mr. LUNDEEN. I wonder if the Senator has mentioned in his very able discussion Mason City, of some 4,000 inhabitants, at Grand Coulee? There is not a chimney in that city. The city is east of the Cascades, where the climate is fairly cold.

Mr. BONE. Yes.

Mr. LUNDEEN. The needs of the people for electric current are supplied at a very low rate.

Mr. BONE. That is correct.

MASON CITY AND BOULDER DAM

Mr. LUNDEEN. I myself have been out there several times, and I have been much impressed with the work of the Government. The Grand Coulee is the greatest structure ever built by man on the face of the earth. In cubic content of concrete it is three times the size of Boulder Dam. There is a city of 4,000 souls located there, and the houses are heated with electricity. It is an outstanding example for our cities and our States. It ought to be remembered by the Federal Government.

Mr. BONE. There are 2,600 apartments in my city of Tacoma which have no chimneys. They are heated by electricity. I use a great deal of current in my home. My city has a very profitable light system, which furnishes electricity at a rate of 5 mills per kilowatt-hour.

Mr. LUNDEEN. The Senator's city of Tacoma is west of the Cascades.

Mr. BONE. That is correct.

Mr. LUNDEEN. The climate in Tacoma is warmer than that east of the Cascades. I think the contrast is greater at Mason City because the climate east of the Cascades is much colder, and yet there is not a chimney in the city at Grand Coulee.

GOVERNMENT OWNERSHIP OF ELECTRIC LIGHT AND POWER

How long will we sleep on. How long before we follow the example of Tacoma, Seattle, Los Angeles, Pasadena, Ontario, Canada, and innumerable other outstanding communities. Here electric light and power and electric service is produced for service for the people of these United States and for the people of Canada. How long before we will see the light. Let us here and now begin our struggle for Government control and ownership of public utilities.

Mr. BONE. That is correct.

Mr. LUNDEEN. All heating is done by electricity—the modern method of heating, at a remarkably low cost. All light is furnished and all light, heat, and power at cost for service. I thank the Senator for his able speech and for his admirable stand for Government control and ownership of light and power.

Mr. BONE. I am pleading with Senators to reject these amendments, because we have a marvelous thing of vast social value growing up out in the West. I plead with Senators to refrain from injuring in any way the wonderful possibilities of the great Northwest, which will become the great electrical empire of the country. Two million horsepower will be unleashed at Grand Coulee; and I want to live long enough to see the power pumped into every little home out there at cheap rates. I do not want the Congress of the United States to strike from the hands of the public the ability to make that possible.

Do Senators realize what cheap power means and what cheap rates mean? Let me give one illustration. Much has been said about taxes. I am sorry the Senator from Nebraska did not have time to discuss that question. In the State of Washington we made tax studies of the amount of money paid by all the private power companies. Let me tell the Senate what would have washed that all out. I should like to have the Senator from Nebraska [Mr. NORRIS] hear the comparison, because it is an interesting one, and I am sure it will be challenging to other Senators.

If by any sort of regulation we could have secured a reduction of one-tenth of 1 cent per kilowatt-hour in the rate for electrical energy sold in my State—1 mill per kilowatt-hour—the saving to the people of the State of Washington would have been several thousand dollars a year more than all the taxes paid by all the private power companies in that State to the State and its political subdivisions. Is there a Senator here who, in the face of that sort of statement, will be tremendously perturbed by the tax showing of private power companies?

I was in Chicago when Chicago was not paying its school teachers, firemen, and policemen. I looked at the great opera house in Chicago, given to the city of Chicago by Mr. Samuel Insull. I can understand how Sam Insull could give a \$20,000,000 opera house to the city of Chicago when I looked at the electric-light rates in Chicago. Insull's company was squeezing enough out of the slender purses of the people of Chicago to have paid the policemen, the firemen, and the school teachers.

I had with me a bill from my home for \$16.55 for 1 month. I walked into the office of the Commonwealth Edison Co., of Chicago, laid the bill on the counter, and said, "Tell me how much this would cost a home in Chicago." The bill was for 1 month, for 2,249 kilowatt-hours of electric energy. The man asked me: "What are you doing, running a hotel?" I said, "No; that is my home bill. I use electricity for heating as well as for regular uses."

How much do Senators think the bill would have been in Chicago, where Sam Insull gave an opera house to people who were unable to pay policemen, firemen, and school teachers? My bill for \$16.55 in Tacoma would have been around \$98 in Chicago on its best domestic rate.

We are assured we must be tender with that sort of burglary. And the same outfit, the Insull crowd, were busy publishing books—I have a number of them in my library—telling how much more successful they are, how much more efficient they are than public plants and how their steam plants are so much more efficient than our hydro-plants in the West; how they can make power cheaper, and in the same breath they talk about the concentrated distribution in a great city like Chicago, where they do not have to distribute power great distances on slender lines, with only a few customers per mile. Every argument they made damned every other argument they made. Why did Insull charge what he did in Chicago, when the city of Tacoma, with a magnificently successful plant, could give me for \$16.55 what the Insull company charged the residents of Chicago \$98 for?

That is the answer to this power business. These fellows do not want you to tear their grip from the throats of Americans. I would rather own a power system than the best gold mine on earth, under modern systems of regulation.

Mr. LEWIS. Mr. President—

Mr. BONE. I yield to the Senator from Illinois.

Mr. LEWIS. Looking for information, and knowing that the Senator from Washington has given great consideration to the question, I should like to ask him whether there was any evidence of a better service, a more valuable service given in Chicago for the sum the Senator mentions than that which was given in Tacoma for the sum he has named.

Mr. BONE. No. A kilowatt-hour of electric energy, which is a force, light, heat, comes into your home over two or three wires, dependent upon the type of service you are using. If you want to use a 220-volt service for heating purposes or cooking purposes, it comes in on three wires. A kilowatt-hour of electric energy in Chicago is exactly like a kilowatt-hour of electric energy in Tacoma—60-cycle alternating current is the same the world over. There is not a particle of difference. All that the Chicago Commonwealth Edison Co. did was to run wires into homes and provide energy for ranges, lighting and electrical gadgets. That process is the same the world over.

The PRESIDING OFFICER. The time of the Senator from Washington has expired.

Mr. MALONEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Lee	Pittman
Andrews	Dieterich	Lewis	Pope
Austin	Ellender	Lodge	Radcliffe
Bailey	Frazier	Logan	Russell
Bankhead	George	Loneragan	Schwartz
Barkley	Gerry	Lundeen	Schwellenbach
Berry	Gibson	McAdoo	Sheppard
Bilbo	Green	McCarran	Shipstead
Bone	Guffey	McGill	Smathers
Borah	Hale	McKellar	Smith
Brown, Mich.	Hatch	McNary	Townsend
Brown, N. H.	Hayden	Maloney	Truman
Bulkley	Hill	Miller	Tydings
Bulow	Hitchcock	Minton	Vandenberg
Byrd	Holt	Murray	Van Nuys
Byrnes	Hughes	Neely	Wagner
Capper	Johnson, Calif.	Norris	Wheeler
Caraway	Johnson, Colo.	O'Mahoney	White
Chavez	King	Overton	
Connally	La Follette	Pepper	

The PRESIDING OFFICER. Seventy-eight Senators have answered to their names. A quorum is present.

Mr. MALONEY. I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. BORAH. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Connecticut [Mr. MALONEY] to the amendment reported by the committee, which committee amendment is on page 21, lines 2, 3, 4, and 5.

Mr. BORAH. It is not a substitute, but an amendment to it?

The PRESIDING OFFICER. It is a substitute amendment to the committee amendment.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. SHIPSTEAD (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I transfer my pair with him to the junior Senator from North Dakota [Mr. NYE], and will vote. I vote "nay." I am advised that if present and voting the Senator from Virginia would vote "yea."

The roll call was concluded.

Mr. LOGAN (after having voted in the negative). I have a general pair with the senior Senator from Pennsylvania [Mr. DAVIS], who has not voted. I transfer my pair with him to the junior Senator from Wisconsin [Mr. DUFFY], and will allow my vote to stand. I am advised that if the Senator from Pennsylvania were present he would vote "yea," and the Senator from Wisconsin "nay."

Mr. TRUMAN. My colleague [Mr. CLARK], who is detained on public business, is paired with the Senator from Massachusetts [Mr. WALSH]. If my colleague were present, he would vote "nay," and if the Senator from Massachusetts were present he would vote "yea."

Mr. HAYDEN. My colleague [Mr. ASHURST] is necessarily detained from the Senate. If present, he would vote "nay."

Mr. GERRY. I desire to announce that the Senator from Nebraska [Mr. BURKE] is paired with the Senator from Oklahoma [Mr. THOMAS]. If the Senator from Nebraska were present, he would vote "yea," and if the Senator from Oklahoma were present he would vote "nay."

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from North Carolina [Mr. REYNOLDS]. The Senator from New Hampshire is absent because of the death of his wife. If he were present, he would vote "yea" on this question, and if the Senator from North Carolina were present he would vote "nay."

The Senator from Pennsylvania [Mr. DAVIS] is necessarily absent.

Mr. LEWIS. I announce that the Senator from Oregon [Mr. REAMES] is detained from the Senate because of illness.

The Senator from Nebraska [Mr. BURKE], the Senator from Mississippi [Mr. HARRISON], the Senator from New Jersey [Mr. MILTON], the Senator from Ohio [Mr. DONAHEY], the Senators from Iowa [Mr. HERRING and Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Oklahoma [Mr. THOMAS] are detained on important public business.

The Senator from Massachusetts [Mr. WALSH] is delivering a commencement address at the Coast Guard Academy in New London, Conn.

The Senator from Utah [Mr. THOMAS] is detained in a conference on the wage and hour bill.

The Senator from Wisconsin [Mr. DUFFY] is unavoidably detained.

The result was announced—yeas 30, nays 47, as follows:

YEAS—30

Adams	Caraway	King	Radcliffe
Austin	Chavez	Lewis	Townsend
Bailey	Copeland	Lodge	Tydings
Bankhead	Gerry	Loneragan	Vandenberg
Berry	Gibson	Maloney	Van Nuys
Bulkley	Hale	McCarran	White
Bulow	Johnson, Calif.	O'Mahoney	
Byrd	Johnson, Colo.	Pittman	

NAYS—47

Andrews	Brown, N. H.	Frazier	Hill
Barkley	Byrnes	George	Hitchcock
Bilbo	Capper	Green	Holt
Bone	Connally	Guffey	Hughes
Borah	Dieterich	Hatch	La Follette
Brown, Mich.	Ellender	Hayden	Lee

Logan
Lundeen
McAdoo
McGill
McKellar
Miller

Minton
Murray
Neely
Norris
Overton
Pepper

Pope
Russell
Schwartz
Schwellenbach
Sheppard
Shipstead

Smathers
Smith
Truman
Wagner
Wheeler

NOT VOTING—19

Ashurst
Bridges
Burke
Clark
Davis

Donahey
Duffy
Gillette
Glass
Harrison

Herring
McNary
Milton
Nye
Reames

Reynolds
Thomas, Okla.
Thomas, Utah
Walsh

So Mr. MALONEY's amendment, as modified, in the nature of a substitute for the committee amendment, was rejected.

Mr. BARKLEY. Mr. President, while there is a good attendance in the Senate I wish to make an announcement, not that it is necessary, because I have made the announcement two or three times, but I wish to advise the Senate that it is our purpose to continue on into the evening, without recess.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. BONE. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

REGULATION OF TRAFFIC IN FOOD, DRUGS, AND COSMETICS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 5) to prevent the adulteration, misbranding, and false advertisement of food, drugs, devices, and cosmetics in interstate, foreign, and other commerce subject to the jurisdiction of the United States, for the purposes of safeguarding the public health, preventing deceit upon the purchasing public, and for other purposes.

Mr. COPELAND. I move that the Senate disagree to the amendments of the House of Representatives, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. COPELAND, Mr. BAILEY, Mr. CLARK, Mrs. CARAWAY, Mr. McNARY, Mr. VANDENBERG, and Mr. GIBSON conferees on the part of the Senate.

CONGRESS CONSTRUCTION CO.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 3113) for the relief of the Congress Construction Co., which was, on page 1, line 7, to strike out "\$3,335.51" and insert "\$6,402.60."

Mr. BAILEY. I move that the Senate concur in the House amendment.

The motion was agreed to.

RELIEF AND WORK-RELIEF APPROPRIATIONS

The Senate resumed the consideration of the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects.

The VICE PRESIDENT. The clerk will state the next amendment passed over.

The LEGISLATIVE CLERK. The next amendment passed over was on page 22, after line 8, where it was proposed to strike out the following:

(e) In the event that, due to constitutional limitations, any State, Territory, possession, political subdivision, or other public body shall be unable to participate by way of loan and grant in the benefits of this title, the Administrator, with the approval of the President, may advance moneys to any such public agency upon agreement by such public agency to pay back in annual installments, over a period of not to exceed 25 years, at least 55 percent of the amount so advanced with interest thereon for the period of amortization.

Mr. RUSSELL. Mr. President, after investigating other phases of the bill I do not desire to interpose any further objection to the amendment of the committee.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment passed over.

The LEGISLATIVE CLERK. The next amendment passed over is, on page 23, line 22, where it is proposed to strike out "\$500,000,000 shall" and to insert "\$400,000,000 may."

Mr. HAYDEN. Mr. Mr. President, I ask that the amendment be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. All the committee amendments have now been disposed of.

Mr. LODGE obtained the floor.

Mr. BANKHEAD. Mr. President, there is a formal amendment, presented by the Senator from Kansas [Mr. McGILL], the Senator from Iowa [Mr. GILLETTE], and myself, which I should like to have agreed to. I am sure there will be no controversy, and I ask the Senator from Massachusetts if he will not yield to me.

Mr. LODGE. I yield to the Senator from Alabama.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the end of title V it is proposed to insert the following new section:

Sec. . (a) The first sentence of subsection (b) of section 302 of the Agricultural Adjustment Act of 1938, as amended, is amended (1) by inserting after "June 15" the words "or at any time thereafter during such marketing year;" and (2) by striking out "on such date" and inserting in lieu thereof "at any such time."

(b) The first sentence of subsection (c) of section 302 of such act, as amended, is amended (1) by adding after "August 1" the words "or at any time thereafter during such marketing year;" and (2) by striking out "on such date" and inserting in lieu thereof "at any such time."

(c) The first sentence of subsection (d) of section 302 of such act, as amended, is amended by inserting after "November 15" wherever it appears the words "or at any time thereafter during such marketing year."

Mr. McNARY. Mr. President, if I properly understand the proposal I have no objection to it. I should like to have a brief statement from the Senator from Alabama to see if I am correct in my conclusion.

Mr. BANKHEAD. Mr. President, it developed a few days ago, in connection with the farm law, that a definite day was fixed on which prices of wheat, corn, and cotton must be at the 52 percent of parity level in order that loans might be obtained on those commodities. For instance, the date for wheat is the 15th of June. If on that date wheat is just a point or two above the 52 percent, a farmer could not get a loan on his crop. That was not the intention of the committee, and the amendment just read has been prepared after consultation. It is offered jointly by the Senator from Kansas [Mr. McGILL], representing wheat, the Senator from Iowa [Mr. GILLETTE], representing corn, and I myself, representing cotton.

The amendment merely provides that the price at any time during the marketing year, may be considered, so that if there is a great drop in the price of any one of these commodities after the fixed date, loans may still be available.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BONE. Mr. President—

The VICE PRESIDENT. The Senator from Washington.

Mr. LODGE. Mr. President, I believe I have the floor. I yielded to the Senator from Alabama.

The VICE PRESIDENT. When the Senator from Massachusetts yielded to the Senator from Alabama to offer an amendment, and the amendment was considered and voted upon, in the opinion of the Chair the Senator could not possibly have held the floor. However, if the Senator from Washington will yield to the Senator from Massachusetts he will be recognized.

Mr. BONE. I yield.

Mr. LODGE. I appreciate the Senator's courtesy very much. I have sent an amendment to the desk, which I ask to have stated.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, lines 1 and 2, it is proposed to strike out "as follows" and to insert the following:

The sum of \$2,214,905,000. The funds appropriated in this title to the Works Progress Administration shall be expended so as to give equal employment, over the period ending February 28, 1939, to every person determined or certified, by any public relief agency or employment office approved by the Works Progress Administration, to be in need of relief and registered as employable at an office of the United States Employment Service, so as to provide a Works Progress Administration job for every needy man and woman. The funds appropriated in this title shall be distributed as follows:

On page 20, beginning with line 1 and ending on page 27 with line 20, it is proposed to strike out all of title II and III.

Mr. LODGE. Mr. President, I should like briefly to explain the amendment. It strikes out the so-called pump-priming portions of the joint resolution, and increases the amount for title I by \$500,000,000.

It is my intention, if this amendment shall be adopted, to move further to reconsider the amount agreed upon yesterday, and apportion the \$500,000,000 one-half to straight W. P. A., one-fourth to white-collar projects, and one-fourth to the National Youth Administration.

I think it is self-evident that the times are so serious that the country cannot afford the luxury of a so-called pump-priming program. Such a program was all very well when the Treasury was in good condition, and before the present enormous debt had been piled up. It was tried then. It did not work then, it will not work now.

Today, however, we have the solemn duty of avoiding all unnecessary expense so that we may give more to the men and women who are in serious need. My amendment puts more money into jobs and less money into structures, allocates more money for men and less money for the dealers in building material.

The further provision in my amendment that every needy employee shall receive work is so obviously just and equitable that argument is unnecessary. Evidence submitted to the Special Committee on Unemployment and Relief indicated that there were within New York city, for example, 139,000 employables on W. P. A. and 103,000 who were equally employable but were not on W. P. A. Evidence submitted to the same committee showed that in the city of Cleveland, for example, there were 28,000 on W. P. A. and 64,500 equally employable who were not on W. P. A.

Mr. President, the people who were not on W. P. A. were just as good Americans, they felt just the same pangs of hunger, their spirits received the same blow as the more relatively fortunate ones who did get on.

I give these illustrations at random because I know that every Senator constantly receives letters from constituents telling of their inability to get on W. P. A., even though they are badly in need.

This amendment will take care of that situation. It is not necessary for me to belabor the point. This money is intended for the needy people of America, not for some of them, but for all of them. When it comes to human misery, there should be no favorites.

Colonel Somerville, the W. P. A. administrator in New York City, when he appeared before the Byrnes committee, indicated that this rotation scheme had their approval, and it has the approval of many others in W. P. A. I hope the amendment will be agreed to.

I have just been handed a letter which came to me a few days ago when I made a release of this amendment to the press. It came to me in the mail from the city of Waltham, Mass. It is written by the works-progress sponsor's agent for that city. He says:

We have recently certified 150 men for work, and we have in our files 270 applications from men who are unemployed and eligible for relief work if it were available.

This is an illustration of the point I was trying to make. I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CITY OF WALTHAM, MASS.,
Bemis School, May 25, 1938.

Senator HENRY CABOT LODGE, Jr.,
Washington, D. C.

DEAR SENATOR LODGE: Under date of May 24 an article appeared in the Boston Globe quoting statements made by you regarding W. P. A.

I heartily agree with your views and thought you would be interested in some figures from Waltham.

At the present time we have 920 persons working on W. P. A. in the city of Waltham.

We have recently certified 150 men for work, and we have in our files 270 applications from men who are unemployed and eligible for relief work if it were available. In addition we have 75 applications from women seeking work.

Of course we have new applications made daily, and judging from the business outlook in Waltham at the present time, the number of applications will increase rather than decrease.

We, therefore, concur with you that more people should be put to work on W. P. A. at once, in order that some of the very real distress be lightened.

Very truly yours,

JOSEPH P. TROMBLEY,
Sponsor's Agent.

P. S.—Of the 150 men recently certified for work, only about 10 have been assigned to work, which means, of course, that the remainder are still unemployed.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Massachusetts.

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Lee	Radcliffe
Andrews	Dieterich	Lodge	Russell
Austin	Ellender	Lonergan	Schwartz
Bailey	Frazier	Lundeen	Schwellenbach
Bankhead	George	McAdoo	Sheppard
Barkley	Gerry	McGill	Shipstead
Berry	Gibson	McKellar	Smathers
Bilbo	Green	McNary	Smith
Bone	Guffey	Maloney	Thomas, Utah
Borah	Hale	Miller	Townsend
Brown, Mich.	Hatch	Minton	Tydings
Brown, N. H.	Hayden	Murray	Vandenberg
Bulkley	Hill	Neely	Van Nuys
Bulow	Hitchcock	Norris	Wagner
Byrnes	Holt	O'Mahoney	Wheeler
Capper	Hughes	Overton	White
Caraway	Johnson, Calif.	Pepper	
Chavez	Johnson, Colo.	Pittman	
Connally	La Follette	Pope	

The PRESIDENT pro tempore. Seventy-three Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Massachusetts [Mr. LODGE], on page 2, lines 1 and 2.

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SHIPSTEAD (after having voted in the negative). I have a pair with the Senator from Virginia [Mr. GLASS]. I transfer that pair to the Senator from North Dakota [Mr. NYE], and allow my vote to stand.

Mr. AUSTIN. I announce the pair of the Senator from New Hampshire [Mr. BRIDGES] and the Senator from North Carolina [Mr. REYNOLDS]. If present and at liberty to vote, the Senator from New Hampshire would vote "yea," and the Senator from North Carolina would vote "nay."

I also announce the general pair of the Senator from Pennsylvania [Mr. DAVIS] and the Senator from Kentucky [Mr. LOGAN].

Mr. MINTON. I announce that the Senator from Oregon [Mr. REAMES] is detained from the Senate because of illness.

The Senator from Nebraska [Mr. BURKE], the Senators from Virginia [Mr. BYRD and Mr. GLASS], the Senator from Missouri [Mr. CLARK], the Senator from Ohio [Mr. DONA-

HEY], the Senators from Iowa [Mr. GILLETTE and Mr. HERRING], the Senator from Mississippi [Mr. HARRISON], the Senator from New Jersey [Mr. MILTON], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Oklahoma [Mr. THOMAS] and the Senator from Missouri [Mr. TRUMAN] are detained on important public business.

The Senator from Wisconsin [Mr. DUFFY], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LEWIS], the Senator from Kentucky [Mr. LOGAN], and the Senator from Nevada [Mr. McCARRAN] are unavoidably detained.

The Senator from Massachusetts [Mr. WALSH] is delivering a commencement address at the Coast Guard Academy in New London, Conn.

Mr. HAYDEN. I announce that my colleague [Mr. ASHURST] is detained from the Senate because of illness.

The result was announced—yeas 17, nays 56, as follows:

YEAS—17

Austin	Copeland	Johnson, Calif.	Vandenberg
Bailey	Gerry	Lodge	White
Berry	Gibson	Lundeen	
Borah	Hale	McNary	
Capper	Holt	Townsend	

NAYS—56

Adams	Dieterich	Loneragan	Pope
Andrews	Ellender	McAdoo	Radcliffe
Bankhead	Frazier	McGill	Russell
Barkley	George	McKellar	Schwartz
Bilbo	Green	Maloney	Schwellenbach
Bone	Guffey	Miller	Sheppard
Brown, Mich.	Hatch	Minton	Shipstead
Brown, N. H.	Hayden	Murray	Smathers
Bulkley	Hill	Neely	Smith
Bulow	Hitchcock	Norris	Thomas, Utah
Byrnes	Hughes	O'Mahoney	Tydings
Caraway	Johnson, Colo.	Overton	Van Nuys
Chavez	La Follette	Pepper	Wagner
Connally	Lee	Pittman	Wheeler

NOT VOTING—23

Ashurst	Donahay	King	Reames
Bridges	Duffy	Lewis	Reynolds
Burke	Gillette	Logan	Thomas, Okla.
Byrd	Glass	McCarran	Truman
Clark	Harrison	Milton	Walsh
Davis	Herring	Nye	

So Mr. LODGE's amendment was rejected.

Mr. BONE. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 20, line 24, it is proposed to strike out "January 1" and to insert "March 31."

Mr. BONE. Mr. President, I wish to make a brief statement with respect to the amendment. Due to winter conditions and to many other conditions with which Senators are familiar, it has been deemed advisable by a number of Senators interested in public development to propose to extend by these few days the time for the commencement of the P. W. A. features of the bill. I have talked to a number of Senators, and many of them, because of winter conditions, would like merely to extend the time for beginning the P. W. A. operations under the joint resolution for approximately 90 days. I hope Senators will find it agreeable to make this extension. The Governor of my State and a number of others have called my attention to the weather conditions which seem to make the extension desirable.

Mr. BULKLEY. Mr. President, I have had a very urgent demand from my own State along the same line. I hope the amendment will prevail.

Mr. ADAMS. Mr. President, I think before the Senate adopts the amendment it should understand its purport and consequences. The purpose of the joint resolution and particularly of the portion of the joint resolution which provides for the construction of public works, is to have the work commence at as early a date as possible in order to meet the emergency which now confronts the country.

The joint resolution as it stands provides that the time shall extend until January 1. That is 7 months. The amendment would extend the time beyond that, so that the Public Works Administration would be given 9 months before it would be necessary for it to commence a project.

The purpose of the joint resolution is to meet an immediate emergency. The matter was discussed before the committee and it is for the Senate to decide. I am merely calling the Senate's attention to the consequence of the adoption of the amendment.

Mr. SCHWARTZ. Mr. President, there is nothing in the amendment which would interfere with the administration going ahead with whatever projects are ready, and spending the money provided in the measure as fast as they saw fit, in order to meet the emergency. All the amendment now pending proposes to do is to make it possible in about 33 States of the Union for their legislatures, which meet in January, to authorize the proper State authorities to provide for the issuance of bonds, or to take other action which will enable the States to present some very meritorious projects. I know that in our State there are some meritorious projects relating to future construction in connection with the State university. Whether or not there will be any money available in March 1939 is a question as to which we must take a chance. But we should at least have an opportunity to place our university board in such position as to be able to present its projects. That will be true of many projects in many of the States throughout the Nation.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. HAYDEN. Mr. President, if the proposal which the Senator makes should be adopted not one lick of work would be done with respect to such projects as would be affected by the amendment during the entire working season this summer.

The purpose of the pending legislation is to provide work as quickly as possible. Under the proposed amendment projects would be presented upon which work could not be commenced until next summer. Then the authorities would advise the Public Works Administrator, "We do not have the projects ready so that work can be done upon them now. We want the work undertaken next year. We shall have to wait until our legislature meets in its next session before the work can be arranged."

Mr. President, the whole purpose of the joint resolution is to attempt to put people to work now, and not next year. It seems to me the object of the measure would be defeated by extending the time as suggested.

Mr. SCHWARTZ. Mr. President, it may be possible that some communities in Arizona will not ask for any money with respect to certain projects because the legislature may not be able to meet until next February and act upon those projects which they want, and therefore it is probable that there will be no money available; but so far as Wyoming and other States with which I am familiar are concerned, they will present the different projects which they have, and they would like to have preserved an opportunity to ask for money for those additional projects if there is any money left. Our State planning board has, I think, about 35 projects, and is very hopeful about them. It will undoubtedly present some of those projects. We have some projects which are now ready to be released.

All the amendment does is to provide that if money is available and if the unemployment situation does not continue to be so bad as Senators may fear at that time, if our legislature or the legislatures of some other States want to authorize the issuance of bonds for some projects, they shall have that privilege.

Mr. HAYDEN. Mr. President, all the money may be used up by January, in which case the amendment would be useless. If the amendment were agreed to, the Senate would hold out a false hope that by delaying, in some manner the States would be able to get something that appears to be more desirable than something which is ready now, whereas the chief virtue of the proposed legislation is that money shall be provided for any work that is ready now, so that men can be put to work within the next 30 or 60 days. I am sure the Public Works Director in his testimony before our committee said that he would give preference to projects which are ready and on which men can go to work quickly.

Mr. O'MAHONEY. Mr. President, will the Senator yield?
Mr. SCHWARTZ. I yield.

Mr. O'MAHONEY. Upon the basis of the argument which the Senator from Arizona presents it will be necessary for him to support any amendment that may be presented which would apply all of these funds to the projects which are now ready and which have been approved. Does the Senator propose to do that?

Mr. HAYDEN. I certainly think that the President was right in submitting his proposal to Congress. I think the Public Works Administrator was right when he presented the proposition to our committee. The object of this measure is to put people to work right away.

Mr. O'MAHONEY. There can be no doubt about that. Nobody is disputing it. My colleague is not pretending to argue against it. All he is saying is, if the fund remains available until the 31st of March, that the States may then be permitted to file their applications. What possible objection can there be to that? This amendment does not deprive the Public Works Administrator of the authority to award every penny of this appropriation before that date arrives. And if he does, there is no money left. But if he does not make the award, why should there be objection to extending the period within which the application may be made.

Mr. HAYDEN. My own judgment is that there will not be any money left, and the adoption of the amendment would hold out a false hope which would not lead to fruition.

Mr. O'MAHONEY. It holds out no such false hope to the people who are urging that it be adopted. They understand as well as we do that the money may be used before that time. I hope the Senator from Arizona will withdraw his opposition to this amendment.

I hope the Senator will withdraw his resistance to this amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. BONE], on page 20, line 24.

Mr. O'MAHONEY. Mr. President, I ask for a division. On a division, the amendment was agreed to.

Mr. SMITH. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 20, line 19, after the comma, it is proposed to insert:

Or (3) the making of grants to nonprofit hospitals toward defraying the cost of self-liquidating projects heretofore undertaken and completed with the use of moneys loaned by the Federal Government but with respect to which no grants have heretofore been made.

On page 20, line 19, it is proposed to strike out "(3)" and insert in lieu thereof "(4)".

Mr. SMITH. Mr. President, just a word of explanation. Under the previous relief act, provision was made for the establishment of hospitals. The hospitals were to be given grants and loans in case they needed them. In order that a hospital might receive a grant it was necessary that it be municipally owned, or owned by some subdivision of the Government.

Eleven hospitals were established which were not connected with a municipality or subdivision of the Government, but which were nonprofit making, and community-owned. They had self-perpetuating boards of trustees to supervise the eleemosynary work of the hospitals.

These hospitals have now reached such a point that, in order to be on the same footing with others and in order to do the work which every Member of this body feels ought to be done—that is, to provide for the sick and those unable to pay—they must have assistance.

The 11 hospitals referred to do not come under the grant provision of the law. They are doing as good work as are the majority of hospitals which are municipally owned or are connected with some political subdivision of the State, or perhaps better work.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. WAGNER. These hospitals are absolutely nonprofit making; are they not?

Mr. SMITH. Nonprofit making.

Mr. WAGNER. And they really render the same service which is rendered by municipally owned hospitals.

Mr. SMITH. That is true; and they are not profit making.

Mr. WAGNER. They serve the public, do they not?

Mr. SMITH. They serve the public. I am acquainted with the operations of some of them; and I will say to this body that they are doing a work which is tremendously superior in most respects to the work done by hospitals which are municipally owned or sponsored by some political subdivision.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. HAYDEN. I do not quite understand the effect of the Senator's amendment. Is it proposed to change the condition under which the hospitals heretofore have obtained money, or is it proposed now to make a grant for new construction?

Mr. SMITH. The hospitals received loans, but under the construction of the law they received no grants. They subscribed to every provision and requirement save that of connection with a municipality or a political subdivision. Most of them have received loans. In order to enable them to carry on and meet the necessities of the case, a grant is necessary.

Mr. HAYDEN. Heretofore the hospitals received loans, and with the loans did certain construction. Now the Senator proposes not to require the payment of the loans, but to allow a grant of 45 percent to be made. I should like to inquire of the Senator how that will provide work for anybody.

Mr. SMITH. Mr. President, it is not a question of providing work. It is a question of taking care of those who have been disqualified for work. If we are to give relief to the able-bodied, and, when they become sick, permit them to die by the wayside, the relief measure is not worth the paper on which it is written.

Mr. HAYDEN. I may have totally misunderstood what the Senator proposes; but it seemed to me, from listening to him—

Mr. SMITH. I am merely proposing that the particular institutions which have received loans, but no grants shall be entitled to grants to enable them to meet the tremendous drafts on them to take care of those who cannot pay.

Mr. HAYDEN. What the Senator proposes, in substance, is a gift of 45 percent of the previous loan to the hospital.

Mr. SMITH. That is correct.

Mr. HAYDEN. Now I understand the proposal.

Mr. SMITH. The purpose of the amendment is merely to put the 11 hospitals on an equal footing with hospitals which are municipally owned or connected with some political subdivision of the Government.

I state without fear of contradiction that these 11 hospitals are doing a wonderful work for the poor. They have no politics. They are nonprofit making. They were established for the purpose of serving the suffering, the down and out; and I think they are preeminently entitled to better treatment than they have received.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BARKLEY. I do not know that I quite understand the Senator's amendment. Up to the present time the W. P. A. has not engaged in making allotments to privately owned institutions, whether they be hospitals or other institutions.

Mr. SMITH. No.

Mr. BARKLEY. Does the Senator's amendment permit the W. P. A. to make allotments to hospitals the title to which is in private persons?

Mr. SMITH. The amendment merely provides grants for the 11 hospitals which were established under the original

law. Under the original interpretation of the law, it was thought that if the hospitals were nonprofit making, with not a penny accruing to the hospitals, they would then be qualified to receive a grant. However, under the subsequent interpretation of the law, only those hospitals which were connected with a municipality or a political subdivision of the Government could receive a grant.

Mr. BARKLEY. As I understand, these 11 hospitals are privately owned.

Mr. SMITH. They are not privately owned.

Mr. BARKLEY. How are they owned?

Mr. SMITH. They are community owned.

Mr. BARKLEY. They are not owned by any political organization or subdivision, such as a city, county, or district, are they?

Mr. SMITH. No; they are community owned. The community owns them. They have self-perpetuating boards of trustees who see to it that no profit is made. The hospitals are operated entirely for the benefit of the communities. When a patient can afford to pay, the hospital makes a charge, as do all other hospitals, and that income goes to help meet the loans which have already been made to the hospitals.

Mr. BARKLEY. Will the Senator's amendment result in opening the door for the establishment of similar hospitals in the future?

Mr. SMITH. No.

Mr. BARKLEY. How can we limit the application of the amendment to the 11 hospitals?

Mr. SMITH. The 11 hospitals referred to are the only ones which were established by the W. P. A. under the provisions of the original act. Loans were made to construct them, and they were constructed. Now that they are unable to qualify for a grant, most of them must run into debt. They are doing the same type of work as other hospitals which may be connected with a municipality or a political subdivision.

Mr. BARKLEY. Let me ask the Senator another question. If the W. P. A. is to be opened up to these 11 hospitals, how can we discriminate against a hospital, for example, which was built as the result of a bequest made by a woman in her will with a provision that the hospital should be operated for the benefit of the public under the jurisdiction and control of the circuit or district court, which should appoint trustees to operate the hospital? Technically, it is a privately owned hospital, but it is dedicated to the public. Under the law, it cannot obtain assistance. It is not one of the 11.

Mr. SMITH. Was it constructed by the W. P. A.?

Mr. BARKLEY. No; it was constructed before the W. P. A. was established; but it is conducted for the benefit of the public. No profits are derived from it. It is controlled by the court. If we are to open the door to the 11 hospitals referred to—

Mr. SMITH. We are not opening the door to the 11 hospitals, as the Senator indicates. These 11 hospitals were built, or their construction was aided, by W. P. A. money under the law.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. McKELLAR. Where are the institutions referred to?

Mr. SMITH. They are situated in a number of States. They are scattered all over the country. Some are in Ohio, some in New York, some in Pennsylvania, and some in South Carolina.

The only point I am making is that under the original act these 11 hospitals were built, or their construction was aided, by the W. P. A. It was thought that the hospitals would get all that was coming under the law; but under the construction of the law, of the 400 hospitals, only these 11 could not qualify, after they had subscribed to all the rules and regulations of the W. P. A.

Mr. BARKLEY. Are the 11 hospitals now in operation?

Mr. SMITH. They are now in operation.

Mr. BARKLEY. Who controls them?

Mr. SMITH. They are controlled by a body of trustees selected by the community. They are nonprofit making, and all of them are operating in the same manner as municipal hospitals.

Mr. BARKLEY. Nearly all hospitals are nonprofit making.

Mr. SMITH. Not all of them.

Mr. MILLER. Mr. President, the reason why they cannot qualify for the loan is the fact that they have no profits to pledge.

Mr. SMITH. That is correct.

Mr. McKELLAR. Mr. President, was the subject of these hospitals before the committee of either House? Was the amendment considered by the committee of either House?

Mr. SMITH. I do not recall whether it was or not.

Mr. McKELLAR. I do not think it came before our committee.

Mr. SMITH. The thing which impressed me was the fact that of all the hospitals which were constructed under the W. P. A., these 11 did not qualify under certain provisions.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. WAGNER. When the loan was originally made, as I understand, these 11 hospitals were regarded as being in the same classification as other projects which were entitled to a grant.

Mr. SMITH. That is correct.

Mr. WAGNER. But after the loan was made, by reason of some technical construction of the act, it was decided that, although the hospitals were doing a public service, they were privately owned, although nonprofit making, and that further legislation would be required in order to make possible a grant.

Mr. SMITH. That is correct.

Mr. WAGNER. That is the situation which the Senator is trying to correct.

Mr. SMITH. That is the whole story. The 11 hospitals have complied with every feature of the law except that with respect to their connection with a municipality or other political subdivision. I maintain, and every man who has any practical knowledge of affairs knows, that a non-political hospital is a better hospital than one which is political.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield; yes.

Mr. COPELAND. I assume that these hospitals were completed, and then, to their disappointment, those who brought about their construction found that they were not going to receive grants.

Mr. SMITH. That is true.

Mr. COPELAND. Probably by this time the mortgage sharks have gotten hold of the hospitals, and unless some relief is had they will be turned into some other nonpublic use. Is that true?

Mr. SMITH. That is true.

The PRESIDENT pro tempore. The time of the Senator from South Carolina on the amendment has expired.

Mr. COPELAND. I will take my time on the amendment.

The PRESIDENT pro tempore. The Senator from New York is recognized on the amendment.

Mr. COPELAND. Then, in order to save these institutions for their philanthropic purpose, the Senator aims to have the grants made as in other hospitals which are municipally owned.

I feel very sympathetic to the Senator's proposal, because I know that in many small communities these so-called private hospitals—which are not privately owned hospitals but which have been raised by public contribution, by passing the hat—are rendering a fine service, each in its own community. They have not rich people to appeal to; and if this aid is not given, undoubtedly they will not long continue as hospitals.

Mr. SMITH. That is true.

Mr. COPELAND. I hope the amendment of the Senator will prevail.

Mr. ADAMS. Mr. President, the amendment, if adopted, will introduce into the joint resolution an entire change in its policy and purpose.

Under the joint resolution, every appropriation is for some public agency, publicly owned by the State or the Nation, or some subdivision of the State. This amendment proposes to authorize grants to privately owned hospitals. The mere fact that they are nonprofit hospitals does not change the fact that they are privately owned hospitals.

Mr. SMITH. Mr. President, these hospitals are not in any sense privately owned. Nearly every one of them has obtained a loan under the law, and is obligated to the Government to the extent of the loan. The Government itself, under the W. P. A., today is a director in every one of these institutions. It has a loan in every one of them. It has a stake in every one of them.

Mr. ADAMS. Is the Senator sure it is the W. P. A. which has made the loan and not the R. F. C.?

Mr. SMITH. It is W. P. A. money. I know of one which—

Mr. ADAMS. This is my time.

SEVERAL SENATORS. P. W. A.

Mr. SMITH. Well, it is one of them—W. P. A. or P. W. A.

Mr. ADAMS. If I may conclude now, each and every one of these hospitals is privately owned. They are nonprofit institutions. The fact that they render community service does not make them a public agency.

That is not all. We are distinguishing here 11 hospitals. There probably are 1,500 nonprofit hospitals in the United States.

Mr. SMITH. Mr. President, may I ask—

Mr. ADAMS. No; I will not yield.

Mr. SMITH. All right.

Mr. ADAMS. There are two in the city in which I live which are rendering to humanity service fully equal to any that these 11 can render; but it so happens that the 2 hospitals in my community and 1,500 other nonprofit hospitals in the United States did not have the benefit of Government loans. We now propose to say that those which have already had the benefit of Government loans shall be the only hospitals to have grants. If there is to be any discrimination it should be the other way around, and those which have not had the benefit of Government loans should now have the benefit of them.

It seems to me we should not enter upon a program of making grants to private institutions, no matter how beneficial they may be, unless we wish to open the joint resolution to every eleemosynary institution, everything of benefit, every institution of charity in the United States.

Mr. GUFFEY. Mr. President, I favor the amendment and hope it will be agreed to. I am familiar with the applications which were filed and the loans granted in the case of two of the hospitals in Pennsylvania. When the applications were filed those filing them believed, as I did, that they were going to get the 45-percent grants. When it was ruled later, after the buildings were under construction and partly completed, that they would not get the grants, I think unconsciously and unintentionally those in authority did these two institutions a great injustice. I am not familiar with what happened to the hospitals in other States, but I am familiar with the two in Pennsylvania. I hope the amendment will be agreed to.

Mr. BANKHEAD. Mr. President, if the Senator will yield, I should like to know the amount of the potential liability under this amendment against the relief funds.

Mr. GUFFEY. It is \$3,973,500. That covers the grants to the 11 hospitals, in 9 States.

Mr. TRUMAN. Mr. President, I should like to offer an amendment to the amendment. I desire to strike out of the amendment all the language after line 2.

Mr. PEPPER. Mr. President, it does not seem to me, if I may humbly say so, that it is fair to the rest of the country to adopt this amendment. If these hospitals have already been

built, I do not see how the money we now appropriate is going to be used in giving jobs to the needy man who does not now have a job. I understood that we were trying to achieve a double purpose, to construct useful public improvements, and, at the same time, to give employment to persons who are unemployed.

This afternoon the Senator from Massachusetts offered an amendment to the effect that there should be direct relief afforded to the unemployed, and by an overwhelming vote we rejected the amendment because we were not willing to appropriate money directly to the unemployed without the assurance that the appropriation was also connected with some useful public construction.

So, it seems to me that it is not fair, now that these hospitals, laudable as they are, already have been constructed and are already in existence and already in operation, that we should go back and make an outright appropriation as an outright gift of 45 percent of the construction cost of those projects, when there are thousands of communities in this country which are not able even to borrow the money to construct a hospital under any kind of management.

I know that there are approximately 1,400 rural counties in the United States which do not have any kind of hospital. If there is to be any money available to build hospitals, it should certainly be appropriated to build hospitals in areas where hospitals do not exist, and where the people cannot even borrow the money unless they have access to some public reservoir such as is provided in the pending joint resolution.

It seems to me that the 11 institutions referred to were not only able but willing to go ahead and construct hospitals upon the acceptance of a loan only, without any grant, and they certainly knew when they accepted the loan that they were not supposed to get a grant. They built the hospitals without any expectation of a grant. It does not seem to me to be fair to deny the rest of the country some of this money for the purpose of building hospitals where they may be needed, just for the purpose of making an outright gift of 45 percent of the construction cost of these institutions.

Mr. TRUMAN. Mr. President, if the Senator will yield, my amendment would cure that very defect in the amendment of the Senator from South Carolina, because it would take care of all nonprofit hospitals. There is one in my own town which has been standing unfinished for 5 years because those back of it cannot raise the funds to finish it. It is a nonprofit hospital, and should be completed. If we are to make grants of the sort suggested, let us make them to all the hospitals in the country.

Mr. PEPPER. Mr. President, the Senator from Missouri is quite right in the universality of his claim, but that does not give it any more standing. It is perfectly proper in the case mentioned by the Senator from Missouri that funds might be granted for the completion of the hospital to which he has referred, but why go back and take 45 percent of the money that is necessary to carry out these grants upon hospitals already constructed, just to make it applicable to the case of the Senator from Missouri?

Mr. SMITH. Mr. President, does the Senator think it is fair to give grants and loans to the 415 which qualified under the law and not give it to all the hospitals, as the Senator from Missouri suggests? These 11 qualified under the law and have gotten loans. Why should we not give the money to all? Eleven of them did not understand that if they subscribed and qualified under the law they would have to be municipally connected. They went ahead, got their loans, and then when they applied for the grants like the other 415, they did not get them because they happened not to be technically connected with some political subdivision. Why should we not require all the 415 institutions which obtained grants and loans under the law to return the grants?

Mr. PEPPER. Mr. President, I will ask the Senator from South Carolina if it is not a fact that they got just exactly what they were notified they were getting and expected to get.

Mr. SMITH. No. I say emphatically that the hospitals of which I am speaking thought they were eligible for grants. The law was not exactly clear until the ruling of the Department that those which were not absolutely controlled by municipalities or political subdivisions could not get the grants. They got the loans all right.

Mr. PEPPER. Will the Senator be kind enough to state whether or not when they accepted the loans and constructed the hospitals under the loans, they knew they were not going to get any grants?

Mr. SMITH. Some of them did not. They took the loans just like these others did and built their hospitals.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. TYDINGS. Is it not a fact that in the case of a great many of the applications which were approved the applicants did not get the grants because it was felt that under the technical construction of the law it was questionable in this particular class of work whether or not they could get the grants, and therefore, the grants were withheld because those in authority were afraid the act was not broad enough to give them what every other agency received, a grant and a loan? The reason why the amendment is offered, as I understand the situation, is to correct what was apparently an oversight in drafting the law with reference to these hospitals.

Mr. PEPPER. Mr. President, I will ask the Senator if it is not a fact that before they actually received this money and constructed the hospitals they did not know that the department regulations or the law would not permit them to get a grant, and therefore did they not accept the money and build the hospitals with the knowledge that they were not going to get grants unless Congress later passed legislation providing that grants should be given to them?

Mr. SMITH. No. The evidence before me is to the effect that they were saving the grant for use later, or if it was needed they would ask for it; but when they did ask for it it was not forthcoming.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Missouri [Mr. TRUMAN] to the amendment of the Senator from South Carolina [Mr. SMITH].

The amendment to the amendment was rejected.

Mr. BARKLEY. Mr. President, I wish to offer an amendment to the amendment proposed by the Senator from South Carolina [Mr. SMITH], in line 5 of the amendment, after the word "Government", to insert the words "or derived from charitable bequests or contributions", so that it would include any hospital built as a public institution as the result of a charitable bequest or contribution made for charitable purposes by people in the community.

I think that if we are to include the hospitals which have been named under the amendment which is pending, certainly others equally worthy institutions built by charitable funds, either from contributions in the community or as the result of some charitable bequest, ought to stand on the same basis, because they are equally worthy and equally serviceable, and they have never received either a grant or a loan under the W. P. A. or P. W. A., or any other Government agency.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. PEPPER. Can the Senator state whether or not all of the hospitals which have been built partially with the P. W. A. funds, except the 11 which have been referred to by the Senator from South Carolina, have already received a 45-percent grant?

Mr. BARKLEY. No; I cannot, because all hospitals that made application for loans did not simultaneously make application for grants. Many of them did. Many of them received both loans and grants. Many of them received loans but not grants. Out of four-hundred-odd I am not able to tell how many received loans. Regardless of that, if we are going to make certain institutions eligible, I do not

think we ought to include this small number and then exclude other hospitals which are to all intents and purposes public hospitals, operated for the benefit of the public without profit, under the control of a public authority in the community, but the title to which is technically in a private person or a group of trustees.

Mr. SMITH. Mr. President, the only reason I was interested in the matter, and brought forward the amendment, was that the institutions referred to already have Government funds, and they are doing work under the auspices and regulations of the law providing for such hospitals.

Mr. BARKLEY. I will say to the Senator and to my colleagues that there is a hospital with which I am familiar which, 25 or 30 years ago, was built out of funds bequeathed to the public by a charitably inclined lady, and in her will it was provided that the hospital should be controlled by a board of three trustees appointed by the court. Except for the circumstance that the title to the property rests in these trustees and their successors, it is a public hospital. I undertook to get a loan or a grant from the W. P. A. to build an addition to that hospital or to improve it, because it is old, and it is the only hospital in a city of 40,000 people. But because technically it was not a public hospital, that is, the title of the property was not in the public, not in the municipality, it was impossible to get either a grant or a loan.

I do not know how many more such institutions there are, but I imagine there are many of them in the country which are just as worthy and just as indispensable as these 11, or any other number.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. SCHWELLENBACH. I should like to ask the Senator if he would be willing to accept a modification, that no hospital shall receive any public assistance of any kind unless it is certified by the American College of Surgeons.

Mr. BARKLEY. That brings a new element into the picture.

Mr. SCHWELLENBACH. It brings in a very important element, if I may say so.

Mr. BARKLEY. I do not know whether the American College of Surgeons is able to inspect all of them and to certify to all of them in the country.

Mr. SCHWELLENBACH. The matter appears to be a very important one to me. The American College of Surgeons has the right to certify those hospitals in which it will permit the members of the American College of Surgeons to perform operations. It has control over most of the leading hospitals in the country. There is a dispute as to whether or not we should have public-health regulations, whether we should have socialized medicine, and if the Government is going to be asked to enter upon the financing of hospitals. I think that before that question is decided the question as to whether or not those who do not belong to the American College of Surgeons shall be permitted to perform operations in these hospitals should be determined by the Government. I see the Senator smiles, but—

Mr. BARKLEY. Well, I saw the Senator smile first. [Laughter.]

Mr. SCHWELLENBACH. It is a serious question before the recognized medical societies at the present time. I think the Senator from New York, who is a very distinguished medical authority, would be interested in that question.

Mr. BARKLEY. I do not know whether or not the Senator from Washington is serious in his suggestion. It strikes me it would be difficult for Congress to decide that question.

Mr. SCHWELLENBACH. I am serious. I say, until the American College of Surgeons has decided that question, public funds should not be used in the operation of hospitals.

Mr. BARKLEY. Of course, if the Senator's suggestion is to be made applicable to the 11 hospitals referred to, and to those which would be covered by my amendment, it probably should be made retroactive, and apply to all hospitals which have received funds from the Government.

Mr. SMITH. Mr. President, I accept the amendment offered by the Senator from Kentucky.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. SMITH], on page 20, line 19, as modified. [Putting the question.] The yeas seem to have it.

Mr. McCARRAN. I ask for a division.

On a division, the amendment, as modified, was rejected.

Mr. HATCH. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following new section:

SEC. —. No person whose compensation, or any part thereof, is paid from funds appropriated by this act shall use his official authority or influence for the purpose of interfering with an election or affecting the results thereof. Any such person shall retain the right to vote as he pleases and to privately express his opinions on all political subjects, but shall take no active part in political management or in political campaigns. Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by this act shall be used to pay the compensation of such person.

Mr. HATCH. Mr. President, the amendment which has just been read has been the subject of some discussion heretofore. The principle sought to be applied by this amendment is the same as is now applied to political activities on the part of civil-service employees. Probably it is unnecessary to take the time of the Senate in discussing an amendment of this nature, but I feel that I must present to the Senate some views which I have on this subject and which have been long entertained. I say they have been long entertained, because of some of the discussion which has been going on on the floor of the Senate and throughout the country generally concerning charges of political activity in the Works Progress Administration.

Mr. McCARRAN. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson, Calif.	O'Mahoney
Andrews	Copeland	Johnson, Colo.	Overton
Ashurst	Davis	King	Pepper
Austin	Dieterich	La Follette	Pittman
Bailey	Donahey	Lee	Pope
Bankhead	Duffy	Lewis	Radcliffe
Barkley	Ellender	Lodge	Russell
Berry	Frazier	Logan	Schwartz
Bilbo	George	Loneragan	Schwellenbach
Bone	Gerry	Lundeen	Sheppard
Borah	Gibson	McAdoo	Shipstead
Brown, Mich.	Green	McCarran	Smathers
Brown, N. H.	Guffey	McGill	Smith
Bulkeley	Hale	McKellar	Thomas, Utah
Bulow	Harrison	McNary	Townsend
Burke	Hatch	Maloney	Truman
Byrd	Hayden	Miller	Tydings
Byrnes	Herring	Milton	Vandenberg
Capper	Hill	Minton	Van Nuys
Caraway	Hitchcock	Murray	Wagner
Chavez	Holt	Neely	Wheeler
Clark	Hughes	Norris	White

The PRESIDENT pro tempore. Eighty-eight Senators have answered to their names. A quorum is present.

Mr. HATCH. Mr. President, as I was saying at the time the quorum call began, much has been said on the floor of the Senate and throughout the country concerning political activity in the Works Progress Administration and perhaps in other agencies of the Government. I was about to say that those particular charges and the statements which have been made in recent weeks have not in any sense actuated or prompted the amendment which I offer. The fact is that this particular amendment was printed sometime before the charges were publicly made to any great extent.

In presenting an amendment which is designed and intended to prevent political activity and influence in the administration of relief I do so not because of any desire to purify politics. I do not essay the task or role of a reformer. I do not undertake the Herculean task of cleaning political stables.

Mr. ADAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from New Mexico yield to the Senator from Colorado?

Mr. HATCH. I yield.

Mr. ADAMS. I should like to obtain a little information about the amendment. The amendment begins:

No person whose compensation, or any part thereof, is paid from funds appropriated by this act.

That language describes the persons to whom the amendment applies. It is perfectly plain that it applies, and, if the Senator's theory is correct, should apply, to title I. I am thinking of a public-works project in which the work is done under contract. As a matter of fact, the funds are used to pay the compensation, and yet the workmen who may be selected may be members of a union, not in any sense employees of W. P. A. and not receiving direct checks.

Mr. HATCH. My interpretation is that the amendment would not apply in such a case.

Mr. ADAMS. Might it not be well to make that fact clear in the amendment?

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. HATCH. I yield to my colleague.

Mr. CHAVEZ. If the amendment is good for the W. P. A. worker in New Mexico or elsewhere, why should it not apply to prohibit the Secretary of the Interior from mixing in politics in Oregon or elsewhere?

Mr. HATCH. Mr. President, my colleague knows my views on that subject. He knows that if I had my way, I should make the rule apply much more widely and in a stronger way than this particular amendment does; and I should cover a great many situations which, unfortunately, I cannot cover at one time.

Mr. NORRIS and Mr. MCGILL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New Mexico yield; and if so, to whom?

Mr. HATCH. I yield first to the Senator from Nebraska.

Mr. NORRIS. Mr. President, the Senator's amendment says:

No person whose compensation, or any part thereof, is paid from funds appropriated by this act shall use his official authority or influence for the purpose of interfering with an election or affecting the results thereof.

I believe the Senator ought to include a primary election or a convention.

Mr. HATCH. I shall be very glad to accept both suggestions of the Senator from Nebraska. I wish to make the amendment just as broad as possible. The reason why it was drawn in this manner, as I stated on the floor the other day, is that the background of the amendment is the present civil-service rules. I asked the Legislative Counsel to make those rules applicable, so far as possible, to politics and political activity.

Mr. MCGILL. Mr. President—

Mr. HATCH. Mr. President, in view of the fact that my time is somewhat limited, and there are several matters which I should like to cover, I request that for at least a little while I be not asked to yield. I always desire to yield to Senators to clear up anything in their minds with regard to any matter in which I am interested. I make this observation now, and it applies to all.

There is no pride of authorship on my part concerning the amendment. If any Senator can make any suggestion which will strengthen the amendment, make it broader, and help carry out the purposes I have in mind, I shall be glad to accept the suggestion.

When I was interrupted I had started to say that the charges which have been made and the talk about the use of Works Progress or relief funds in elections which have recently been held or are now in prospect did not in any sense move me in offering the amendment. The fact is that the amendment is not directed at any individual or administrative official. I have said previously on the floor of the Senate that I do not think legislation should ever be directed at indi-

viduals. It must be based on a principle. The principle involved in this case is one which strikes at all political activity of Federal employees. The only reason why the amendment is limited to this measure is because, under proper parliamentary procedure, I think it should be so limited. However, I should like to make it general.

Is it necessary for me to argue to the Senate of the United States that there is danger when we appropriate billions and billions of dollars to be used mainly to relieve distress and suffering, and turn the money over to be expended and paid out without any restrictions or safeguards whatever?

I stated in the beginning that I did not entertain any hope of purifying politics, and I indicated that I have a practical sense of politics. I have benefited from political organizations and I believe in political organization and in party government. However, as a legislator, if I see a danger existing to the country, I do not believe I have any right to silence my voice and not say what I think the danger is. Having had some experience in practical politics, and having some knowledge of human beings and of human nature, I know—and it does not take any investigation to convince me—that when money is being paid out indiscriminately through Government agencies, no matter what the intentions are, there will be those who will misuse funds and seek to gain advantage from them.

I know that, and no argument can convince me to the contrary. I believed it when we first started on this program. I did not know then just how the danger might arise. I anticipated that possibly in letting contracts, and in paying out large sums of money, scandals might arise, and moneys might be used as political contributions to campaign funds to seek favors in the way of granting contracts, and to keep in power the organization which had made personal success possible.

Shortly after the relief bill of 1935 became effective, the Senator from Virginia [Mr. BYRD] and I drafted and offered to the Senate an amendment seeking to guard against that evil, because that sort of thing had happened in the course of the country's history. I have before me today the amendment to which I have alluded. It was referred to the Committee on Appropriations; and I was told at that time that it was not reported out because it was believed that the general law was sufficient to protect against such dangers. Then, as our work-relief program progressed, I realized how perfectly natural it would be for men with the best motives in the world to try to keep their own party in power, and to use their influence as county chairmen or foremen over those receiving the bounties and benefits from our program, and in some instances perhaps corruptly to influence and control votes.

Senators may think that is an exaggeration and that I am seeing things which do not exist, but I say to Senators of the United States that if anyone is seeing things and believing things, those of you who can say that you honestly and conscientiously believe that out in the counties and the cities and the precincts this instrumentality which we have set up is not being used for political purposes are more credulous than I am.

Mr. POPE. Mr. President, will the Senator yield to me for a question?

Mr. HATCH. I yield.

Mr. POPE. I refer to title V, which provides for parity payments to farmers. I am wondering whether or not the Senator intends that his amendment shall apply to farmers who receive parity payments.

Mr. HATCH. I do not think, under any stretch of the imagination, it could be construed to apply to parity payments. I do not think those payments are compensation within the terms of the amendment; but if there is any doubt about it, and the Senator wants to exempt them, that is perfectly all right with me.

Mr. CHAVEZ. Mr. President, will my colleague yield to me?

Mr. HATCH. I yield to my colleague.

Mr. CHAVEZ. I feel generally in accord with my colleague; but if this is a good proposal in the case of the \$70-a-month foreman of W. P. A., or the \$77-a-month time-

keeper, why should it not apply to the Director of W. P. A. in Washington and the Director of P. W. A. in Washington?

Mr. HATCH. In answer to my colleague I will say that under the terms of the amendment it would apply to the Director of W. P. A., who lives in Washington, but it would not apply to the Public Works Administrator, because I assume his salary as Secretary of the Interior is paid out of other funds.

Mr. President, I desire to say that I have voted for every relief appropriation. I have supported this administration. I have cast these votes and have supported the administration almost without exception. I apologize to no man for so doing. I have believed in the program and I now believe in it. I think the Congress of the United States had to take the action we have taken in the spending program, and I shall vote for the pending joint resolution regardless of what happens to this amendment.

I say, however, that we as legislators, in providing funds for these laudable purposes, are charged with the greater obligation and the greater responsibility to see that they are not misused, and in particular to see that under the guise of relieving distress and want and suffering we are not building up our own political strength and our own political machine.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

Mr. HATCH. I will speak on the joint resolution.

The PRESIDING OFFICER. The Senator takes his time on the joint resolution.

Mr. MCGILL. Mr. President, will the Senator yield to me for just a moment?

Mr. HATCH. Just a moment.

Mr. MCGILL. There is a question which I should like to ask the Senator in order to have a correct understanding of what is intended by the amendment.

I observe that in the first part of the amendment it is provided that no person shall use his official authority or influence for the purpose of interfering with or affecting the results of an election. Later on in the amendment provision is made that any such person, if he violates the terms of the amendment, shall be removed from the position or office held by him.

What I should like to know is whether it is intended by the language of the amendment to make it apply only to those in W. P. A. who hold official or administrative positions, or whether it is intended that all persons working for W. P. A. in any capacity shall be denied the right to participate in a political campaign.

Mr. HATCH. Of course, the Senator exceeds the provisions of the amendment when he says "participate in a political campaign." The amendment makes no such provision. It expressly provides that the persons referred to may exercise every right to vote and to express their views.

Mr. MCGILL. Privately.

Mr. HATCH. They shall not be active, however, in the political management of a campaign. The amendment provides identically the same rule now applied to all civil-service employees, and I intend that it shall apply to every person who is paid under this act.

Mr. MCGILL. Regardless of the job he holds?

Mr. HATCH. Regardless of the job he holds. That is quite correct.

Mr. MCGILL. That was the point on which I desired to be informed.

Mr. HATCH. I cannot draw the line, and I do not think the line should be drawn.

Mr. BONE. Mr. President, will the Senator yield?

Mr. HATCH. Yes; I yield.

Mr. BONE. I take it that the language of the amendment is broad enough to include a private contractor who is handling a project under a P. W. A. appropriation.

Mr. HATCH. I doubt it. I do not think so.

Mr. BONE. He would receive compensation under this measure.

Mr. HATCH. It would apply to his compensation.

Mr. BONE. Of course, his compensation would be received under this act, which has two titles in it.

Mr. HATCH. That is true.

Mr. O'MAHOONEY. Mr. President, will the Senator yield to me?

Mr. HATCH. I yield to the Senator from Wyoming.

Mr. O'MAHOONEY. In view of some of the questions which have been directed to the Senator, and the line which the discussion is following, I desire to ask him whether he would be willing to accept an amendment to the proposal by which there should be inserted, after the word "person," in line 1, this language:

Employed in any administrative capacity by any agency of the Federal Government—

So as to limit the application of the prohibition to persons who have administrative authority in spending the money. I do not believe it is the intention of the Senator to provide that the relief beneficiaries of the act shall be denied the opportunity of exercising their political rights.

Mr. HATCH. I want them to exercise their political rights. I want them to have the right to vote; but I want the workers themselves under this prohibition, and I will tell the Senator why I want them under the prohibition. I do not think I am exaggerating now, but I think I understand the process. I speak from no knowledge on the subject. I do not know that this is done; but I can look out, as I said before, and see this state of affairs:

Here are these poor, unfortunate persons on work-relief projects. Their very lives and the lives of their wives and their children are dependent upon the particular jobs they hold. They are not free men, because their very dependence makes them susceptible to the influence of the politician who comes around and says, "Now, you vote so and so. If you do not, you will lose your job." How is that man going to vote? He is going to vote as he is told, because he cannot help himself.

Mr. CHAVEZ. Mr. President—

Mr. HATCH. Just a minute, if my colleague will permit me. The man to whom I refer has not any weapon; he has not any shield to protect himself against those, if there be any, who would seek to use him for this political purpose. The very fact that there is a prohibition against his participating in politics will give him a shield and will give him a weapon. When the politician comes to him and says, "You must vote so and so," he can say, "The law says that I must not be active in politics, and if you seek to control my vote, you will lose your job." The amendment is a weapon in the hands of the unfortunate man, and that is what I want of it.

If I have not done that, as I said in the beginning, then if any Senator can suggest an amendment which will give that shield and protection to the worker, I want him to have it.

Mr. CHAVEZ. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to his colleague?

Mr. HATCH. I do.

Mr. CHAVEZ. Of course, I agree with my colleague that no one should have the power he describes to control the vote of another, but his argument could be carried to an extreme. The weapon possessed by the poor \$77-a-month clerk who elects all of us, who rings doorbells, is not as powerful or as potent as the weapon that could be used by the average bureau head or by the average man we recommend to an office.

So why punish one American citizen just because he dares be in favor of the Senator from Georgia [Mr. GEORGE] or the Senator from Indiana [Mr. VAN NUYS], just because he dares to express his opinion, while a governmental official who has more power than he, and whom we have recommended to his position, is free to do as he wishes? Why not let all of them express their opinions as they see fit as Americans?

Mr. O'MAHOONEY rose.

Mr. HATCH. I would not do otherwise; but in view of the fact that my time is rapidly going by, I shall have to ask Senators not to interrupt me and, if possible, to let me finish a few things I want to state before my time expires.

I have pointed out how these things can happen and how they may happen and how many persons are saying that they are happening. I now come to the main reason for sponsoring this amendment.

It is my firm judgment and belief that if we build up a system by which we can use funds from the Public Treasury to control the votes of the people of the Nation it is no exaggeration to say that the moment that is done democracy in America is dead; and I think it is our obligation and our responsibility as Democrats who are making these funds available to throw around them every safeguard and protection in the world.

The Senator from Vermont [Mr. AUSTIN] has an amendment relating to this subject. It is a splendid amendment, and I shall vote for it. It is not inconsistent with the plan I am offering. The reason why I have chosen this method is simply because it has been in effect in this country since 1883. It has been approved by both great political parties.

Time after time in their platforms they have declared for the principle enunciated in this amendment. I have those declarations here on the desk. If I had time, I would read them to the Senators. I would read them particularly to Democrats, and let them listen to the words of Democrats and of the Democratic Party, to what we have professed to believe in, to what we have told the people of America we believe in.

When the other party is in power, when it has charge of governmental affairs, we come out in ringing terms denouncing patronage in office and deploring the use of offices to further political ends; and the Republican Party does exactly the same thing. When the Democrats are in power, the Republican platforms and conventions ring with denunciations of the use of the spoils system and of patronage to retain the Democratic Party in power. It is an interesting study. I have taken the platforms of both parties as far back as I could get them and compared them, and what I have said is true.

I now desire to call the attention of Senators, lest I forget to do so, to the words of one of the greatest Americans who ever lived concerning the spirit of government. In this discussion he mentions three types of government.

The first is a government operating by military force.

The second is a government operating by corrupt influence. I say that if the Democratic Party uses relief funds, and if we use the want and distress of human beings to perpetuate ourselves in office, it is a corrupt influence.

A government operating by corrupt influence; substituting the motive of private interest in place of public duty; converting its pecuniary dispensations into bounties to favorites, or bribes to opponents; accommodating its measures to the avidity of a part of the Nation instead of the benefit of the whole; in a word, enlisting an army of interested partisans—

"Enlisting an army of interested partisans"—

whose tongues, whose pens, whose intrigues, and whose active combinations, by supplying the terror of the sword—

This was written many years ago, and I think today he would write "by supplying the force of the ballot"—

may support a real domination of the few under an apparent liberty of the many. Such a government, wherever to be found, is an impostor. It is happy for the New World that it is not on the west side of the Atlantic. It will be both happy and honorable for the United States if they never descend to mimic the costly pageantry of this form, nor betray themselves into the venal spirit of its administration.

So wrote James Madison; and I want to say, with him, happy it is that this thing does not exist west of the Atlantic. But are we doing our duty as legislators to see that these evil and corrupting influences, which strike at the very foundations of the Republic, are not allowed to creep in? Are we protecting and safeguarding?

Let me call attention to another thing. If Senators think this is a far-fetched amendment, let me read a quotation to them:

I want to repeat once more our rules about elections, so there will be no misunderstanding. Every person who works for the Works Progress Administration, whatever his job, has a right to vote in any election for any candidate he chooses; and, moreover, no W. P. A. worker is required to contribute to any political party

or any campaign fund in order to hold his job. No one will lose his W. P. A. job because of his vote in any election or for his failure to contribute to campaign funds.

That is a splendid rule, is it not, a fine declaration, just exactly what I am seeking to write into the law. But who said that? Did the Congress of the United States write any such declaration as that? No. The best thing Congress could do was to write a provision in the Relief Act saying that the poor man who is on the pay roll cannot run for office. Congress did insert that provision. The man who wrote these rules is the Works Progress Administrator, who is condemned here, having perhaps a greater regard for the welfare of his department than the Congress of the United States, which has altogether failed.

I charge, Senators, that if there is corruption in the Works Progress Administration, if the Public Works Administration uses its funds, if they all combine to corrupt the electorate of this country, and to control elections, let Senators not stand on the floor of the Senate and condemn Harry Hopkins and Mr. Ickes. Do not condemn the foreman on the job, or the county chairman; do not stand here and criticize, blame, and find fault with them, but be honest and square and say, "The fault is with me. Mine was the responsibility, mine was the duty, and mine was the obligation, and because I failed to discharge my duty and my obligation, this thing has been made possible."

Mr. President, tonight I have sought to discharge my duty and my obligation, and I ask Senators to vote on this amendment, not as a favor to me, but to fulfill the obligation which rests upon them, not as Democrats or as Republicans, but as Senators of the United States.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. O'MAHONEY. Mr. President, I propounded an inquiry to the Senator a few moments ago when all the interruptions were taking place, and he did not find opportunity to answer me. The inquiry was whether or not the amendment which I suggested would be acceptable to him. Before the Senator answers, may I call his attention to the provisions of the law?

Mr. HATCH. Mr. President, I wish to say to the Senator from Wyoming that I read the Senator's amendment in the hurry of my speech, and I am glad to answer him now. I think he has improved my amendment. I am willing to accept the judgment of the Senator from Wyoming and let his amendment be included in mine.

Mr. O'MAHONEY. May I then state the reasons why I felt that should be done?

Mr. HATCH. Certainly.

Mr. O'MAHONEY. The civil-service law, to which the Senator has so eloquently called attention, contains a provision in section 2 that among the duties of the commissioners shall be that of drafting rules and regulations, and among these rules and regulations it is provided in the law itself one shall be:

That no person in said service has any right to use his official authority to influence or coerce the political action of any person or anybody.

That was the law enacted in 1883. In conformity with the injunction which was laid upon the Civil Service Commissioners by that formal act of Congress, the Civil Service Commissioners promulgated this regulation, which is regulation No. 1 under rule No. 1:

No person in the executive civil service shall use his official authority or influence for the purpose of interfering with an election or affecting the results thereof.

Mr. President, that has been the law of this country for more than 50 years. It has been the rule accepted by Members of the Senate and of the House of Representatives, by members of both political parties, by the entire electorate, that when a person enters the civil service of the United States his duty shall be to all the public and not to any part of the public, and that the decision with respect to the adoption of policies regarding the election of officials shall

rest upon the rank and file of the citizenship without influence from those who occupy public positions.

I suggested this amendment to the Senator because, as his proposal was offered, it would unquestionably have had the effect of restraining the political activity in the normal, natural, individual sense of the beneficiaries of relief. That was not the intention of the Senator, I am sure.

With the addition of the amendment which I have suggested, every possible safeguard will be thrown around the expenditure of these funds, and it will become clear that any person who is charged with the duty of administering them will be obliged to keep his hands off political campaigns, and not make any attempt to influence the votes of those poor unfortunate persons who, through no fault of their own, are now accepting and must accept the benefits, not of any political party, not of any administration, not of any group of officials, but of all the people of the United States. The money which we are appropriating here does not come from any small group. It does not come from the Senate, it does not come from the House. We stand here and cast our votes as the representatives of all the people of the United States, and we have no right to do other than say that when this money is expended it shall be expended free from any taint of personal or political control.

Mr. HATCH. Mr. President, I am most happy to have the interruption from the Senator from Wyoming, and to have his observation, and to hear him join in the general thought we are seeking to carry out by this amendment. I know he agrees with me that, even if this is only a small start today, it is the best we can do. It is absolutely incumbent upon the Congress of the United States to make some declaration, some statement, as to that policy.

Mr. O'MAHONEY. Has the Senator accepted my amendment?

Mr. HATCH. I accepted the amendment.

Mr. O'MAHONEY. A parliamentary inquiry. Is the amendment which I have suggested now a part of the Senator's proposal?

The PRESIDING OFFICER. It is.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. HATCH. I have yielded to the Senator from Wyoming.

Mr. McCARRAN. I desire to ask the Senator from Wyoming a question along the line he was propounding to the Senator from New Mexico. Does the Senator from Wyoming think that the law which he read to the Senate a moment ago, in propounding the inquiry to the Senator from New Mexico, applies to the appropriation we are now making?

Mr. O'MAHONEY. No; it does not, because the officials who will administer the appropriation which we are now making have been exempted from the civil-service law. They were exempted from the civil-service law because at the time the first emergency appropriation was made it was believed that the expenditure of that fund would be sufficient to start the country upon the road to prosperity again, and that it would soon be possible to demobilize the emergency forces.

Mr. McCARRAN. Does the Senator believe that any public money should be used by any official, whether under an emergency or otherwise, for the purpose of engaging in pernicious political activity?

Mr. O'MAHONEY. It certainly should not be so used; and let me say to the Senator that a former President of the United States, whom he and I and others have been very happy to honor from time to time, and to call a great Democrat, once made the statement that public office is a public trust. That means only one thing, that when a person in public office is entrusted with the expenditure of public funds, those funds shall be expended for the general good, and not for the advancement of any particular cause or any particular faction. Have I answered the Senator?

Mr. McCARRAN. In part. If I may ask one more question, I will conclude.

Mr. AUSTIN. Mr. President, a parliamentary inquiry. I should like to know who has the floor.

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. HATCH. I yield.

The PRESIDING OFFICER. The Senator cannot yield to others to make speeches. The Senator from Virginia will be recognized if the Senator from New Mexico has yielded the floor.

Mr. HATCH. I was yielding to the Senator from Nevada.

The PRESIDING OFFICER. For a question?

Mr. HATCH. If the Senator desires to ask a question. He asked me to yield. I yield for a question.

Mr. McCARRAN. I wish to propound to the Senator from New Mexico a question which would apply to the interrogatory propounded to the Senator from New Mexico by the Senator from Wyoming.

In view of the fact that the individual who has absolute control of W. P. A. funds has openly and publicly declared in favor of certain candidates in primary elections, does the Senator from Wyoming consider that a violation of the spirit and rule he read to the Senate?

Mr. O'MAHONEY. I shall be very glad to say to the Senator that I think it is a violation of the rule which that gentleman himself announced.

Mr. BYRD and Mr. CHAVEZ rose.

Mr. HATCH. Mr. President, I yield the floor.

Mr. AUSTIN. Mr. President, it is difficult for Senators on the Republican side of the aisle to hear what is going on on the other side. I ask what the pending question is.

The PRESIDING OFFICER. The pending question is the modified amendment offered by the Senator from New Mexico [Mr. HATCH].

Mr. AUSTIN. I do not know what it is. May we have it stated?

The PRESIDING OFFICER. The amendment, as modified, will be stated.

The CHIEF CLERK. At the proper place it is proposed to insert the following new section:

SEC. —. No person employed in any administrative capacity by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds appropriated by this act shall use his official authority or influence for the purpose of interfering with an election or affecting the results thereof. Any such person shall retain the right to vote as he pleases and to privately express his opinions on all political subjects, but shall take no active part in political management or in political campaigns. Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by this act shall be used to pay the compensation of such person.

Mr. BYRD obtained the floor.

Mr. CHAVEZ and Mr. CONNALLY rose.

The PRESIDING OFFICER. Does the Senator from Virginia yield; and if so, to whom?

Mr. BYRD. I yield to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, the Senator from Nevada [Mr. McCARRAN] asked a question of the Senator from Wyoming [Mr. O'MAHONEY] whether a person who had control of W. P. A. disbursements or funds should have something to say about, as I understood it in effect, or should control what someone else was doing. Did I understand the Senator from Nevada correctly?

Mr. McCARRAN. Not as the Senator has expressed it.

Mr. CHAVEZ. I want to be correct about it. How did the Senator from Nevada put the question?

Mr. McCARRAN. I asked the Senator from Wyoming if he thought that one who had control of all of these funds under W. P. A. should give out any declaration for some particular candidate in a primary election, and whether that was in violation of the spirit of the law which the Senator from Wyoming had read to the Senate. That was the substance of what I propounded.

Mr. CHAVEZ. With the permission of the Senator from Virginia, may I ask the Senator from Nevada a question?

Mr. BYRD. I yield.

Mr. CHAVEZ. What makes the average Senator under our law and Government more sacrosanct, so that he should be preferred when it comes to taking part in a primary election rather than a man who is working for the Government in an administrative capacity?

Mr. McCARRAN. Because the public administrator is dealing with starving human hearts, that is why. And because a starving human heart is the most subjugated thing in all the world, and a starving, unclad human being is under the control of the man who says to him, "Cast your vote as I dictate in Iowa, or you will not have anything to sustain your life nor clothe your nakedness."

Mr. CHAVEZ. And the Senator from Nevada feels that the average Senator can be more honest and treat that starving man better than can administrative officials?

Mr. McCARRAN. Because the Senators are voting the public funds to be administered by a humanitarian, without regard to political lines. There are Senators on the other side of the Chamber who will vote to appropriate this money. There are Senators on this side of this Chamber who perhaps will vote against the measure. I am guessing about that.

Mr. BYRD. Mr. President, I want to be generous to my colleagues, but they are taking a great deal of my time.

Mr. McCARRAN. If the Senator will yield to me for just a moment, I shall conclude. The Senate represents the entire sisterhood of States of this country, and Senators do not vote along political lines when they are voting to feed the hungry and clothe the naked.

Mr. CHAVEZ. I am glad the Senator feels that way about many of us Senators.

Mr. McCARRAN. I am sorry that the Senator from New Mexico does not feel that way.

Mr. CHAVEZ. I think they are all honest.

Mr. BYRD. Mr. President, I offer an amendment to strike out title II. While I know the amendment cannot be considered at this time, I desire to offer some observations with respect to it, as well as with respect to the bill as a whole.

I realize, Mr. President, the utter futility of attempting to reduce the amounts that are included in this appropriation measure.

In speaking to the amendment to strike out title II of the pending resolution which makes available \$1,265,000,000 for public works and pump priming, again I desire to emphasize that I stand ready now, as I have in the past, to vote adequate sums for the relief of those in distress, but it is to be likewise emphasized that relief should be efficiently and nonpolitically administered. The relief rolls should be purged of those not deserving.

To spend \$1,000 a year for each person on relief, as we are now doing when the income of the average citizen in 1938 is estimated at less than \$400, obviously offers opportunities for constructive economies in the present costly and wasteful administration of Federal relief. That, I am confident, can be done without depriving those in actual need of the necessities of existence.

LARGEST RELIEF APPROPRIATION

Mr. President, let us take note of the fact that the appropriation in title I for work relief and relief of \$1,714,905,000 to carry relief expenditures to February 28, 1939, is the largest relief appropriation yet made. To this sum must be added the transfer of all unexpended balances as authorized by title I which remain unobligated on June 30, 1938. Exclusive of such unexpended balances, title I provides for an average relief expenditure until February 28 next of \$214,250,000 monthly. On the same basis, to carry the relief appropriation until July 1, 1939, completing the fiscal year, an additional \$858,000,000 must be appropriated, making a total of relief appropriations for the next year of \$2,572,905,000, and this does not include unexpended balances, or public works, or other pump-priming appropriations. This will exceed by \$500,000,000 the largest previous relief expenditure which was made in the fiscal year 1937. And yet, since then hundreds of millions have been collected in taxes

and expended for unemployment insurance, which should reduce the demand for relief.

The fact that the administration now recommends an increase in excess of 25 percent above the peak of any previous year for relief purposes is to me an indictment of the spending program for recovery. It is a confession that this program is no remedy for unemployment and that conditions in the coming months will be so bad as to require larger relief expenditures than at any time since the depression began. For direct and work relief, the following expenditures have been made:

1933-----	\$350,700,000
1934-----	1,520,900,000
1935-----	1,925,400,000
1936-----	\$1,856,100,000
1937-----	2,080,900,000
1938 (estimated)-----	1,699,000,000

If the pending resolution is approved, \$2,572,905,000 will be expended for 1939.

GREATER ECONOMY IN RELIEF

Whenever anyone puts the impious finger of practical economy on national extravagance, he is indicted as a hard-hearted individual willing to see men, women, and children freeze and starve. Notwithstanding, I do say that the localities should be made to do more for themselves in the care of their own destitute and unemployed; and I say that a dangerous spirit of dependence upon the Federal Government has been fostered by the manner in which Federal funds have been spread over the country. It is a spirit ruinous to the morale of the Nation. Moreover, the Federal control of these funds tends to destroy the political independence of the recipients of Government relief. The very localities that receive this assistance and the Nation as a whole would be better off if a reasonable but definite provision were made in each local budget for poor and unemployment relief, and it would be infinitely better if local authorities were given more responsibility in the local relief administration.

Mr. President, social security built on an excessive and overwhelming debt is like a house built upon the sands. A fight against waste and extravagance necessitating vast increases in the public debt is just as vital to the welfare of the poor as it is to the rich. The solvency and resources of the Government determine its capacity to aid the distressed in times of acute emergency. Asserting this fundamental principle, the President said, in his message to Congress on April 20, 1937:

While I recognize many opportunities to improve social and economic conditions through Federal action, I am convinced that the success of our whole program and the permanent security of our people demand that we adjust all expenditures within the limits of my Budget estimate.

Let us not deceive ourselves. All the people will pay this vast debt with accumulated interest, and all the people will carry, by direct taxation, this heavy national expenditure.

What is our situation today? We work under the load of the most stupendous debt any nation has ever carried. Our taxes are reaching the point of diminishing returns. Today they are a decided factor in the high cost of living. It must be remembered that half of the taxes collected by the Federal Government come from invisible taxes paid by the housewife, the laborer, and everyone who eats or buys necessities. Last year 43 citizens had incomes of over \$1,000,000 and the aggregate of these incomes was seventy-three millions. If we confiscated all of this income of these millionaires the money obtained would operate the National Government for only about 2 days.

We have indulged for 5 years in the experiment of priming the pump and attempting to spend ourselves into prosperity on borrowed money. It has been a colossal failure. Our unemployment is as large as when the experiment began. The index of business activity is nearly back to where it was.

ARE WE TO PROFIT NOTHING?

Are we to profit nothing by the experience of the very obvious failure of this method of restoration of business prosperity? The passage of this resolution will be merely

another shot in the arm; another artificial stimulant which will leave the patient in a still more weakened condition, less able to meet and overcome the adversities of the future because of the creation of a public debt so vast that generations to come will be called upon to pay interest and principal as a tribute to our folly and our unwillingness to face the realities of the present.

Mr. President, let us remember that the Chief Executive and the administration leaders told us when the first huge priming appropriation measure was passed that every man then unemployed would be given a job until absorbed by the rising tide of business employment which would result. Again and again the same prediction was made as subsequent huge appropriations were urged.

And now after 5 years of trial, when another even greater pumping-priming appropriation is requested, at least we should examine the situation in the light of the facts. If we choose to continue on a course which has proved a tragic failure, let us do so with our eyes open. Why disguise our condition? A true diagnosis must precede an effective remedy, and a true diagnosis requires a frank and fearless recognition of our economic predicament.

Creating prosperity by public spending in excess of actual and reasonable needs of the Government is based on the theory that an impetus is thus given to business activity, and that after the pump is primed business will go forward under its own power. We have spent over \$20,000,000,000 in the past 5 years for recovery and relief, exclusive of the ordinary expenses of government. If twenty billions has failed to prime the pump is it reasonable to assume that an additional five billions obtained on borrowed money will accomplish this objective?

As we adopted the experiments recommended to Congress for the past 5 years, we were told that by the principle of trial and error we would go forward profiting by our mistakes and discarding the policies shown by actual trial to be ineffectual and unwise. Neither pride of authorship nor political expediency should impel us to continue on a road which leads ultimately to disaster only.

The details of the five and one-half billion dollar spending-lending program may be summarized as follows:

For relief until February 28, 1939—\$1,714,905,000.

For relief from February 28, 1939, to July 1, 1939—\$858,000,000.

One and one-half billion dollars for expansion of credit.

One and one-half billion dollars for public works.

FIVE BILLION DEFICIT

It must not be overlooked that this five and one-half billion dollars of expenditures is pyramided on the regular Budget, making a total authorized disbursement for spending and lending in the fiscal year of 1939 of twelve and one-half billion dollars. This is by far the largest peacetime expenditure on record. The deficit next year will exceed \$5,000,000,000, and this will be the largest peacetime deficit on record. This deficit will exceed by nearly \$1,000,000,000 the next largest deficit, which was in 1936, when most of the soldiers' bonus was paid.

The deficit will be more than this if the Reconstruction Finance Corporation makes the loans as authorized and obtains such funds through the Treasury according to the custom in the past. If, however, the Secretary of the Treasury, exercising the authority he has, issues obligations of the R. F. C. for such additional loans, then this contingent liability is not included in the direct obligations of the Government. The deficit will be more if the Budget estimate of \$6,000,000,000 of revenue is not forthcoming, as is likely, due to the severity of the depression.

The 1939 revenue is based by the Treasury officials upon the business activity for the year 1937. It may be well here to note that the index of industrial production in 1937, upon which this estimate of income was based, was 110. The same index is now 76, which foreshadows a very large reduction in the estimated revenue from income taxes and other taxes directly dependent on business activity. To the extent that the estimated revenue of 1939 is not realized, the estimated deficit of five billions will be increased.

FORTY-EIGHT BILLION DEBT

If this appropriation is authorized and spent, the direct debt on July 1, 1939, will reach a new peak of approximately \$43,000,000,000, which, with five and one-half billion dollars of guaranteed obligations issued by Government corporations, makes a total debt on July 1, 1939, of over \$48,000,000,000, as compared to \$21,000,000,000 on March 1, 1933.

So the year 1939, if this legislation is enacted, will see three peacetime records established—the largest expenditures in the history of the United States, the largest deficit in the history of the United States, and the largest debt in the history of the United States.

In reviewing the history of the past 5 years, it is significant that the greatest business recovery ever recorded in a similar period of time occurred from March 1933 to July 1933.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. BYRD. I will take time on the joint resolution.

On March 10, 1933, the President declared:

For 3 long years the Federal Government has been on the road toward bankruptcy.

Continuing, he said that the Hoover deficit—

Has contributed to the recent collapse of our banking structure. It has accentuated the stagnation of the economic life of our people. It has added to the ranks of the unemployed. Our Government's house is not in order, and for many reasons no effective action has been taken to restore it to order.

Upon the unimpaired credit of the United States Government rest the safety of deposits, the security of insurance policies, the activity of industrial enterprises, the value of our agricultural products, and the availability of employment. The credit of the United States Government definitely affects these fundamental human values. It therefore becomes our first concern to make secure the foundation. National recovery depends upon it.

We must move with a direct and resolute purpose now.

I ask that this legislation go into effect at once without even waiting for the beginning of the next fiscal year. I give you assurance that if this is done there is reasonable prospect that within a year the income of the Government will be sufficient to cover the expenditures of the Government.

BALANCED BUDGET BUSINESS

The Nation, encouraged by this message and the other brilliant, wise, and effective actions of the President, responded so as to increase the index of industrial production as kept by the Federal Reserve Board from 60 in March 1933 to 100 in July 1933, the greatest increase in business activity in a short period in the history of the Nation. In percentage, this is an increase in industrial production of over 70 percent.

While pointing out this astounding progress made from March 1933 to July 1933, when the industrial production rose 40 points, reflecting business activity equal to the 1923-25 average, let me emphasize that heavy public spending did not contribute to this business revival. The expenses of government, on the contrary, were actually reduced. This recovery came from the leadership of President Roosevelt in closing the banks for the emergency; his pledge for sound economy and for a balanced Budget; the faith the people of America had that under his leadership permanent prosperity would come by industry and thrift, and adherence to the sound economic laws which from the beginning of all time have never been discarded, except in very brief periods, without disastrous results.

During this period of sound government, the factory employment index increased from 57 to 69 in the brief space of 4 months; factory pay rolls increased from 37 to 50; freight-car loadings from 50 to 65; and commodity prices from 60 to 69.

RECKLESS SPENDING BUSINESS

Then began an era of reckless spending without parallel in the history of any country since civilization began. In 5 years the Federal Government spent more than \$40,000,000,000; spent, in fact, \$2 for every dollar of income. Now we are asked to spend \$12,000,000,000 more within a single year. We have already added \$18,000,000,000 to the direct

public debt, and this appropriation will add another \$5,000,000,000 and increase the present total debt by more than 15 percent. In addition, the Federal Government has endorsed five and one-half billion dollars of bonds issued by Government corporations, the payment of which has been guaranteed 100 percent by the Federal Government; so that on July 1, 1939, our combined Federal debt, direct and contingent, will be at least \$48,000,000,000, an increase of over 130 percent since March 1933. Our taxes have been increased threefold, both in amount and in percentage of national income.

Today we have vividly before us the definite and concrete results and effects of excessive public spending as a panacea for business depressions. It is our duty carefully to analyze the results obtained from 5 years of spending. No one will deny that pump priming creates something of a transient and artificial business recovery; but that prosperity is so temporary and shallow that it cannot be called prosperity.

We cannot indefinitely continue to spend \$2 for every dollar of income. We are now entering the ninth consecutive year of great deficits, with no prospect of balancing the financial accounts of the Government. Never before in our history has our Government incurred a deficit longer than 2 consecutive years, and that was when we financed the World War.

I say the spending program has failed, and tragically failed, to bring business recovery, and that conditions today prove it. Today the index of industrial production is at 76 as compared to 100 in July 1933, a loss of 24 percent in industrial production. This index is still falling, after nearly 5 years of unprecedented spending. In July 1933 the index of car loadings was 65. It is now 60, and is still falling. The Standard Statistics Co. is authority for the statement that the composite level of industrial production has dropped approximately 40 percent in the past 17 months from the peak of 1937; that steel activity is sagging at the low level of 20 percent of operating capacity; that the automobile industry, which produced over 5,000,000 cars in 1937, may report a total output of less than 2,000,000 units in 1938; and that, of all the depressions experienced in this country, only four have been longer in duration or more severe than the present recession. No assurance of an early revival on a stable and permanent basis is before us.

In the debate on this joint resolution I have heard no one assert that the attempt to spend ourselves into prosperity has succeeded. Our unemployment is increasing daily, and was estimated at 13,327,000 persons in March, an increase of 3,734,000 over March 1937. In March 1933, at the peak of the first depression, the unemployed were estimated at 13,723,000, so we are headed back to where we were in unemployment.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. SCHWELLENBACH. What was the source of the last figure? My understanding is that there was an American Federation of Labor figure which, as I remember it, was 17,000,000, and a Department of Labor figure which was something like 14,900,000 or 15,000,000.

Mr. BYRD. The figure was taken from the testimony before the Byrnes committee.

The relief appropriations now requested are the largest in our history; so we are back where we were in relation to relief. We have with us the colossal debt created in the past 5 years; but prosperity and business recovery on a permanent basis are as far or farther away than ever.

FAMILY DEBT INCREASED THREE TIMES

In 1931 the proportion of the public debt of the average family of five was \$677.10. It is now \$1,468.50 for each average family. If the pending program is adopted, the average debt per family will be at least \$1,700, without including the contingent liability of the Federal Government. When the debt of America's average family has increased nearly three times in a brief period of 8 years, we should certainly pause and take stock of our situation.

Mr. President, the Senators who have been protesting against the waste of public funds and calling attention to

the perils of reckless and stupendous increases in the public debt have received little attention in the Halls of the Congress. Less than a year ago a colleague who has now passed away, and whose ability, patriotism, and loyalty to the President of the United States could never be questioned, uttered words on the floor of the Senate which, in the light of developments of today, were inspired with a prophetic vision. Senator Joseph Robinson, the Democratic leader, said about a year ago, on June 18:

Gentlemen may laugh about a \$36,000,000,000 debt hanging over the Treasury of the United States if they wish to, but with all my refined and expanded sense of humor I find it impossible to laugh about such a thing. I recall the time when our armies came out of the bloodiest and most cruel war that was ever waged on this earth to find a debt far below the amount the Government now owes, and we worried about it then. But now nobody seems to worry about the debt. We spend and we spend and we spend, and there are some who vote for all appropriations and against all taxes. I do not name anyone; sometimes I have been inclined to get into that class myself. But the point I am making is that we cannot go on forever doing it. * * *

Let me ask what would happen if another depression, such as that which began in 1929 or 1930, and which has continued until recently, should strike the people of the United States and their affairs next year or the year following? Of course we do not look for it, of course we hope it will not occur, but there are some who say that we will have a recession in business and industry.

What if our revenues from incomes should fall off? What if the sources of taxation available for the United States should dry up to an extent, as they did dry up in 1930 and in the years which immediately followed that year? We would find ourselves in a situation which would be terrible; and as representatives of the whole people, expressing full appreciation for the liberality of the Government, we owe an obligation to the Government, to those who live now and to those who will come after, to make provision for the needy living, for those who cannot get along without assistance; but we also owe the generations to come a measure of duty to safeguard them against an unreasonable and an excessive burden which may bring back upon them the sorrows, the travails, and the woes we have so recently experienced.

What Senator Robinson hoped would not occur has occurred. Our revenues are reduced; the relief load is greater; business is not improving; and yet the only remedy suggested is to spend more and more. Attempts have been made here to justify this new spending program with the allegation that the Federal Government stopped spending too abruptly, causing the present recession in business. This has been repeated so often and by so many leaders of the administration that many have accepted this statement as the truth. The truth is that there has been no reduction in public spending. To the contrary, for the year ending this month, we will have spent more than in any previous peacetime year in the history of the Nation, excepting the year 1936 when the major part of the soldiers' bonus was paid; and, even including the bonus for 1936, our expenditures for the current year will be only several hundred million dollars less. For the same period of this fiscal year the Federal Government has spent more than in the same period of the 1937 fiscal year.

THE SPENDING ALIBI

I present figures showing the expenditures, exclusive of debt retirement but including loans and subscriptions, and I ask unanimous consent that they may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, permission is granted.

The figures referred to are as follows:

1931.....	\$3,679,900,000
1932.....	4,771,000,000
1933.....	4,681,300,000
1934.....	6,745,200,000
1935.....	6,802,300,000
1936.....	8,472,500,000
Soldiers' bonus.....	1,773,000,000
Total expenditures in 1936, exclusive of bonus.....	6,699,500,000
1937.....	8,001,200,000
Soldiers' bonus.....	556,000,000
Total expenditures in 1937, exclusive of bonus.....	7,445,200,000
1938 (estimated).....	8,000,000,000

Mr. BYRD. So those who seek an alibi for the failure of the spending program to relieve unemployment and restore prosperity must look to some other source, because the records bear evidence that spending has not been reduced.

On January 3, 1938, the President recommended to the Congress a drastic curtailment in public-road construction, of river and harbor improvements, of reclamation projects, in public-building construction, and other public works. The President in his message to Congress then stated:

This year I recommend that such items—

As those I have just mentioned—

be curtailed. First, because expected Government income will be less, and second, because it has been amply demonstrated that they do not provide as much work as do other methods of taking care of the unemployed.

So here we have the testimony of the President of the United States that the construction of public works provided for in the pending joint resolution does not provide "as much work as do other methods of taking care of the unemployed."

The problem before us is to relieve unemployment, and, if the President is correct in his recent assertion that other methods are more effective in taking care of the unemployed, then I submit the adoption of the amendment I offer becomes more imperative. If unemployment is not substantially relieved by public works, this removes the only justification for borrowing money for expenditure which will not be productive in gaining the very objective we desire. Our 5 years of experience demonstrates that public works constructed on borrowed money as provided in this joint resolution will not succeed in solving the problems of unemployment.

SOUL OF BUSINESS

Today the uncertainties, many of them creatures of government, have created a lack of confidence in the business world, and this lack of confidence is a prime cause of our present difficulties. Confidence is the soul of business, security, and prosperity.

In the early days of the depression spending was justified as a temporary expediency to meet the crisis of the emergency. Time and time again the people were assured that the Budget would soon be balanced, and, with sound fiscal policies, the country would move forward to a new era of prosperity.

Speaking for the administration on November 10, last, Secretary Morgenthau admirably stated the problem when he said:

The basic need today is to foster the full application of the driving force of private capital. We want to see capital go into the productive channels of private industry. We want to see private business expand. We believe that much of the remaining unemployment will disappear as private-capital funds are increasingly employed in productive enterprises. We believe that one of the most important ways of achieving these ends at this time is to continue progress toward a balance of the Federal Budget.

The Democratic platform in 1936—I will make no reference to the platform of 1932—the Democratic platform in 1936 declared for a reduction in public spending. The President promised this reduction in his 1936 campaign speeches. In fact, two definite dates for Budget balancing were set by the Executive in official messages to Congress. In 1934 the President stated that—

A program for a completely balanced budget by June 30, 1936, was determined upon as a definite objective.

Again, on January 8, 1937, the President said:

I regard it as extremely important that we should achieve a balance of actual income and outgo for the fiscal year 1939, and I appeal to you to join with me in a determined effort to bring about that result.

The latest pronouncement for a balanced Budget from the administration was on December 8 last, when Secretary Morgenthau said, in testifying before the House Appropriations Committee:

I think I may say that I can speak for the administration when I say that we are determined to make every effort to balance the Budget in the coming fiscal year. We feel that the direction this

should take would be to try, first, to achieve a balancing of the Budget through making every possible economy.

I pointed out in my talk (the New York Political Science) that we felt that economies could be accomplished through keeping down the agricultural appropriations, and since then the President has sent a letter to Senator BARKLEY saying that he hoped those appropriations would be kept down to \$500,000,000. He said that if they were above that amount, he thought it would be necessary to find additional revenue to meet them. I also pointed out at that time that economies could be made through keeping the roads appropriation at the average amount that they were prior to 1933.

A balanced Budget was advocated by the administration last December. Ninety days later appropriations were requested which will create the greatest deficit in all peacetime history.

It is probable that for every dollar the Government spends in "pump priming", except for a temporary period, it drives away several dollars of private spending. It shakes faith in the credit of the Government and the stability of the currency. Such a condition makes private investors hesitant about any kind of investment. It threatens competition with existing business and gives notice of exorbitant taxes that must be paid in the years to come.

Chief Justice Marshall declared that, "The power to tax is the power to destroy." He was thinking of the danger of the destruction of the individual citizen. For a time the actual magnitude of taxes may be concealed by borrowing, postponing the day for payment of the principal, and even borrowing the interest, as we are doing today, but the day of reckoning comes to a nation as it surely comes to an individual.

Of course, there is a limit to the debt that even the wealthiest nation may create. That limit is reached when the taxes imposed become an undue and unbearable burden on production.

When a nation exacts huge taxes and is still unable to balance its budget; when great appropriations, excused as emergency expenditures, have continued unabated for 5 years, and when the fifth year of unemployment finds our present state worse than our first, then the time for prudent restraint on borrowing is here.

TAXES LARGEST IN HISTORY

This year the Federal taxes collected are the largest in history and are 11 percent of our national income; and even then we are not balancing the Budget. Our local, State, and National taxes combined, if we paid as we spent, would exact at least 30 cents out of every dollar of national income. And yet in the place of restraint there is proposed new borrowing of billions of dollars, new prodigalities for public works, new excuses for perpetuation of the most extravagant and enormous Federal bureaucracy that ever sapped the spirit of individual independence.

Everyone knows that taxes are a burden on all of us, not merely on the rich. President Roosevelt himself not long ago emphasized that—

Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they (taxes) are reflected in idle factories, tax-sold farms, and hence in hordes of hungry tramping the streets.

Today-oppressive taxes are a substantial factor in preventing business recovery. Let us not forget that for every dollar we now add to the public debt we will, in all likelihood, pay another dollar in interest. Even now we are paying \$1,000,000,000 a year in interest, and we are borrowing the money to do this. This appropriation will add to our interest bill the sum of \$125,000,000 annually, which means a total interest bill of about \$10 each for every man, woman, and child in America each year. Even though we balance the Budget soon, and pay \$500,000,000 each year on the debt, it would take 85 years to complete the difficult and weary task. Including this appropriation, it would take 45 years to reduce the debt to where it was 5 years ago. If we paid one-half a billion dollars each year for debt retirement, the interest which will accrue, and which must be paid before the debt is discharged, would be greater than the debt itself is today.

The pump of private enterprise, Mr. President, does not require priming with a profligate outpouring of dollars paid out of taxes.

The pump of private enterprise can only be run by the motor of confidence, and that motor will run only when the private businessman is assured that he will get a fair deal from his Government.

We should seek out and punish the guilty businessman, but we should not harass and condemn the innocent. We should give him assurance that he will be permitted to exercise a reasonable control of his own business; that he will not be presumed guilty in every dispute with a Government bureau, but will be given just treatment by those bureaus having judicial power; that fiscal prudence be restored and emergency appropriations be limited to the amounts actually required for relief purposes and on the most economical basis possible.

America wants wages—not charity; work—not taxes.

Mr. AUSTIN. Mr. President, I support the amendment of the Senator from New Mexico [Mr. HATCH]. It is my judgment that in no wise does it conflict with an amendment which I had printed several days ago and laid upon the table for the information of Senators.

I have called the attention of the Senate to the amendment I intend to offer in order that Senators may see the difference in the scope of the amendment offered by the Senator from New Mexico and that which I intend later to offer.

As a matter of fact, if I thought the Senate desired to pursue that sort of a parliamentary course and that it was agreeable to the Senator from New Mexico, I should be willing to have my amendment attached to his amendment as an additional part of it; but I do not propose that course. I do not want to intrude the amendment upon anybody. I read it for the information of the Senate. If they care to hear it, all right. If they do not, it is all right also.

Mr. HATCH. Mr. President, I cannot tell whether or not the Senator from Vermont is addressing a remark to me. I heard him say something about some course being agreeable to the Senator from New Mexico, but I could not hear what it was.

Mr. AUSTIN. Mr. President, I will say to the Senator from New Mexico that I was not addressing him in particular. I was merely saying that if it were agreeable to him, the author of the pending amendment, to accept my proposals as an addition to his amendment, I should be glad to have that done; but I do not ask that it be done, and I do not tender my amendment as an addition to his, because I do not want to embarrass the Senator from New Mexico with anything which he might regard as a clog upon the smooth passage of his amendment.

Mr. HATCH. Mr. President, I do not want to take the Senator's time; but I will say, as I said before, that I intend to support the amendment of the Senator from Vermont. I do not think, however, that it would be wise to attach it to the pending amendment.

Mr. AUSTIN. That is satisfactory to me. I call attention to my amendment at this time in order that Senators who realize that it is coming will notice the distinction between the amendments, and will realize that the amendment of the Senator from New Mexico may be supported without any conflict with the one I propose later to offer.

My amendment reads as follows:

SEC. —. (a) No part of any appropriation in this act shall be used for any political purpose, and no authority conferred by this act upon any person shall be exercised or administered for any such purpose.

(b) It shall be unlawful for any person whose compensation, or any part thereof, is paid from funds appropriated by this act to use or threaten to use his official authority, or influence for any of the following purposes:

(1) To interfere with, restrain, or coerce any individual in the exercise of his right to vote at any primary or other election;

(2) To encourage or discourage membership in, or contribution to, any political party by discrimination, threatened or executed, in regard to the granting or withholding of benefits, or the execution of any of the powers, functions, or purposes, included in this act;

(3) To discriminate against any person in regard to benefits from the United States because such person has filed charges or given testimony with respect to any matter arising under this act;

(4) To discriminate against any individual in regard to benefits from the United States because such individual has voted at any election according to his free choice, or because such person is a member of, or has made contributions to, the political party of his own choosing; or

(5) To discriminate against any corporation in regard to benefits from the United States because any officer or director thereof is a member of, or has made contributions to, the political party of his own choosing.

(c) It shall be unlawful for any person whose compensation or any part thereof, is paid from funds appropriated by this act, to act as election official, ballot clerk, or watcher, or in any other similar capacity at any polling place in any primary or other election.

(d) It shall be unlawful for any person whose compensation or any part thereof is paid from funds appropriated by this act, to solicit, persuade, or induce, by the exercise of his power to administer, supervise, regulate or otherwise put into effect, this act or any part thereof, contributions to a political party, or any agency thereof, for any purpose whatsoever.

(e) It shall be unlawful for any person whose compensation, or any part thereof, is paid from funds appropriated by this act, to be detailed to service, or to serve as a political campaign worker for any political party.

(f) Any person who violates any provision of this section shall be punished, if such person is an individual, by a fine of not more than \$5,000, or by imprisonment for not more than 3 years, or both, and in all other cases, by a fine of not more than \$25,000.

Mr. President, there is a great difference between a civil-service rule—which, in effect, is the amendment offered by the Senator from New Mexico—and this amendment, which creates a new offense, an offense not created by any law now in existence.

There is an exciting cause for this type of amendment, as I have shown by remarks heretofore made on the pending joint resolution. Before sunrise I hope to be able to call to the attention of Senators numerous specific cases which show the precise application of the definition of the crime created by my amendment. You can see that the scope of the amendment covers primaries as well as elections. Primaries, as you all know, are not within the prohibition of the Corrupt Practices Act; only elections, and then only elections of certain officials of the United States.

You will observe that my amendment comprehends primaries as well as elections, and that it makes no difference for what office the candidate may be running, and it makes no difference what particular objective a party may have, or what its platform may be. The offense set up here is the abuse—I regard it as one of the worst imaginable abuses of this type—of using money designed to relieve the poor and suffering for the purpose of directing the political thought of the people.

Mr. President, it is not my purpose to talk as long as I can on this amendment. I have called attention to it sufficiently to show that there is no inconsistency between the amendment offered by the Senator from New Mexico and that offered by me. I intend to support by my vote the amendment offered by the Senator from New Mexico.

Mr. KING. Mr. President, will the Senator yield?

Mr. AUSTIN. Yes.

Mr. KING. Does the Senator offer the amendment which has just been read as a substitute for the amendment offered by the Senator from New Mexico?

Mr. AUSTIN. I do not. I intend to offer my amendment at a time which is entirely convenient to the Senators present; and, even if it is the very last amendment offered, I shall make an earnest effort to have it accepted.

Mr. KING. Let me say to the Senator that I shall be glad to vote for his amendment, as I shall be glad to vote for the amendment offered by the Senator from New Mexico.

Mr. WHEELER. Mr. President, I shall support the amendment of the Senator from New Mexico [Mr. Hatch]. I inquire of the Senator from New Mexico whether or not there is a penalty attached to his amendment other than dismissal, or that no part of the funds appropriated by the act shall be paid to any person violating the provisions of the amendment.

Mr. HATCH. No. As I said in discussing the amendment, in preparing it I simply took as its basis the civil-service rule; and the only penalty provided is that of dismissal. If the Senator will permit me to interrupt him further, I will state that the reason why I did that was simply because I thought it was a milder approach to the matter, and would have a better chance of passing. So far as I am concerned, I am perfectly willing that the strongest sort of penalty shall be attached.

Mr. WHEELER. Mr. President, when we passed other legislation in this body, such as the Farm Act, we provided terrific penalties for a farmer violating some provision of the act, even up to 10 years' imprisonment in the penitentiary. I should not go as far as that, but I do think violation of the provisions of this amendment ought to be made a misdemeanor.

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MCGILL. I think the Senator is very much in error in the statement he has just made about the penalty provided against farmers for violation of the Farm Act. That provision of the bill, upon an amendment offered by myself, was stricken out.

Mr. WHEELER. It was? I knew it was in the bill originally.

Mr. MCGILL. There is no such provision in the law.

Mr. WHEELER. I thank the Senator from Kansas very much for calling that fact to my attention.

Mr. POPE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. POPE. I will say to the Senator also that the penalty in the original bill, as against the farmer, was only \$100 and that was stricken out.

Mr. WHEELER. I am very thankful to the Senator for calling the matter to my attention. Be that as it may, however, we have passed a great many bills in which we have provided very severe penalties for violation of their provisions, and I found no objection to that course. I want to say, however, that I should favor making it a misdemeanor for one who has charge of W. P. A. funds in an administrative capacity to play politics in his capacity as administrator.

It has been stated on the floor of the Senate that Members of the Senate feel that they may make statements and play politics, but that there is not any difference between an administrator doing it and the United States Senator doing it.

I submit that there is a vast difference between a United States Senator who is elected by the people of his particular State to represent them in the Halls of Congress, and who holds a purely political job, expressing his opinion, and a man who dispenses public money to the poor and the needy of the country playing politics with human misery. It seems to me a man must have a perverted mind who cannot draw a distinction between one who is elected to political office and one who is appointed to administer relief funds, and who has the power to deny or to give funds to individuals.

Mr. President, the charge has been made that these funds are being used as slush funds. I think on the whole Mr. Hopkins has tried to do a good job, and tried to keep politics out of his administration. He issued a statement on May 5 with reference to keeping politics out, to which the Senator from New Mexico has called my attention.

Mr. HATCH. Mr. President, may I say to the Senator from Montana that I received that statement from a lady who happened to be in Washington, who lives in El Paso, Tex., who is an employee of the Works Progress Administration, and the letter was enclosed with the last check she received.

Mr. WHEELER. I happen to know that Mr. Hopkins in my own State has cautioned the individuals under him not to play politics, and has practically said to them that if they did, they would be discharged. There is probably not a Senator on this floor who will not say that he knows of specific instances of violations of this rule having occurred.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. LOGAN. I merely want to make response to that particular statement. I can say truthfully that I do not know of a single instance in the State of Kentucky where any of the P. W. A. workers or the W. P. A. workers, or anyone connected with those administrations, has attempted to play politics to any extent. There have been charges. The charges have been that the Republicans in my State have all the jobs and have been favored. I do not know whether or not that is true; but I have received hundreds and thousands of letters to that effect. I made a race in Kentucky 2 years ago, and I do not know of a single instance where politics was played by those connected with these administrations. As a matter of fact, I would have contempt for any man who would attempt to play politics under such circumstances, and I never hesitated to express my opinion to W. P. A. workers and everyone else to the effect that I did not believe politics should be played.

Mr. WHEELER. The situation has been considerably different in my State. I know it from a practical standpoint, and Mr. Hopkins knows it, because I called his attention to it, and I know he has not agreed with what has been done.

Notwithstanding the fact that Mr. Hopkins has issued this statement since I made some reference to Mr. Hopkins' statement about the situation in Iowa, my attention has been called to conditions in Minnesota by a Democrat in that State who has protested about what has been taking place there.

I call attention to a statement from the Pioneer Press, of St. Paul, and I call attention to editorials which I shall put into the RECORD from Democratic newspapers, from independent newspapers, and from Republican newspapers, with reference to the discharge of Mr. Christgau, head of the W. P. A. in Minnesota, because of political reasons. It has created such a situation in the State of Minnesota that pretty nearly every Democratic paper, and every Republican paper, and every independent paper has taken it up. The two Democratic candidates are protesting to the President of the United States about the discharge of Mr. Christgau. As I understand, there was no charge that Mr. Christgau was incompetent, that he had not done his work well. As a matter of fact, Mr. Hopkins offered him a better position here in Washington. Political pressure was brought to bear.

Mr. TYDINGS. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. TYDINGS. Along the line of the Senator's remarks, it may be wise to put some safeguards in the pending measure to prevent occurrences such as those he has described. But while we are doing that we should not overlook the fact that certain gentlemen here in Washington who occupy very high-salaried jobs as counsel spend nearly all their time trying to defeat present members of the House and the Senate who perchance do not care to go along with their political philosophy. It seems to me it would be wise to send some of these gentlemen back to the work for which they were appointed, and not have them spending all their time in political machinations which are so transparent that they are fooling no one. I would much rather go to high places and root some of these gentlemen out and send them back to do the people's work, for which they are drawing salaries, than have them spend their time opposing United States Senators whom they cannot keep down by force or threats or in any other way.

Mr. KING. Mr. President, will the Senator yield?

Mr. WHEELER. I yield, but my time is very limited.

Mr. KING. I was interested in the statement made by the Senator from Kentucky a moment ago. I received a letter from the manager of the opponent of our distinguished leader, in which he charges, as I have read his letter, that organizations in Kentucky, the Works Progress Administration and others, are very active in their support of a certain candidate and in opposition to another.

I agree with what the Senator from Maryland has said, and before the evening is over, or tomorrow, I shall put into

the RECORD the names of a large number of officials of our Government who are spending most of their time in political activity, leaving their offices here, where they are getting five to ten thousand dollars a year, spending their time in political activity.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. WHEELER. I do not care to refuse to yield, and I will yield for a question, but I do not want to yield for a speech.

Mr. TYDINGS. I should like to ask the Senator if he does not feel that if the facts set forth by the Senator from Utah and the Senator from Maryland are accurate, we would best devote our attention to these gentlemen, who have come down from Wall Street and turned liberal with the administration, who left the fleshpots when it was profitable to do so, and now pose as political mentors and the unseen directors of the United States Government.

Mr. WHEELER. I agree with the Senator.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CHAVEZ. As I understand the Senator, he does not want politics in the W. P. A.

Mr. WHEELER. That is correct.

Mr. CHAVEZ. I happen to know that Mr. Christgau, who served in the House of Representatives with me, ran on the same ticket with Mr. Hoover in 1932, and he was playing politics, and why should he be at the head of the W. P. A.?

Mr. WHEELER. I do not know Mr. Christgau. The first time I became acquainted with Mr. Christgau, or ever saw him, was when he was appointed by Secretary Wallace in the A. A. A. The next I heard of Mr. Christgau was that he was appointed W. P. A. director under Mr. Hopkins in the State of Minnesota. Secretary Wallace appointed him to a position, and Mr. Hopkins appointed him to head the W. P. A. in Minnesota. Now, apparently, because somebody is putting political pressure on him, he is to be thrown out. If in his service he has made a good record, he should not be kicked out for political reasons.

Mr. TYDINGS. Mr. President, will the Senator yield for one question?

Mr. WHEELER. I yield.

Mr. TYDINGS. I wonder if the Senator would support a resolution to have a small investigating committee appointed to look into these supergovernment men who are devoting all their time to politics and so little to their jobs.

Mr. WHEELER. Such a committee would have a big job. I have just been informed by the Senator from Minnesota that Mr. Christgau supported Mr. Roosevelt in 1932. Of course, I appreciate the fact that other Republicans and Progressives supported him, but after they supported him, in 1932, and wanted positions, later they became persona non grata.

I wish now to call attention to the following from the Pioneer Press:

Meanwhile supporters of Victor E. Anderson, United States district attorney, who entered the race for the Democratic gubernatorial nomination here with national administration approval, and supposedly with its support, planned to appeal directly to President Roosevelt when he returns to Washington Tuesday to overrule Hopkins on Christgau's removal.

Anderson said Sunday that "we are not through yet." He previously had telegraphed the President protesting removal of Christgau, and his friends indicated they will continue to carry the fight to the President.

Hunter released to the Associated Press in Chicago the following telegram which he sent to Christgau Sunday:

"Upon instructions from Administrator Harry L. Hopkins, I am today placing Roy C. Jacobson as acting administrator of the Works Progress Administration in Minnesota with full authority."

Hunter would not elaborate on the announcement except to say that Jacobson will arrive in St. Paul Wednesday and will serve until a permanent appointment is made.

Christgau, when reached Sunday night, said he has received Hunter's telegram and was prepared to turn over the office to Jacobson when he arrives. Christgau released to the press the following telegram which he sent to Hopkins Saturday afternoon, with a copy also going to Hunter in Chicago.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. WHEELER. I have some time on the joint resolution.

The PRESIDING OFFICER. The Senator from Montana is recognized on the joint resolution.

Mr. WHEELER. I read from Christgau's telegram:

In re my conference last Tuesday morning with you and Hunter at which you advised me of your intention to remove me as State administrator and offered me an opportunity of accepting a position in Washington because of the constant demands made upon you by the Farmer-Labor Party leaders. I originally accepted the appointment of State administrator for Minnesota with the understanding that it was not a partisan political position and have conducted the office on a nonpartisan and nonpolitical basis. My removal by you could be interpreted only as a political move to satisfy a minority group of selfish and unscrupulous politicians.

Then it goes on to state that Mr. Hopkins offered him a better position in the city of Washington. If he was a Republican and a bad man, certainly Mr. Hopkins would not have offered him a better position in the city of Washington. As I said, I am given to understand that the Democratic national committeeman from the State of Minnesota made a protest and that two Democratic candidates for office made a protest against the action that was taken, and that nonpartisan bodies composed of practically all the county commissioners all over the State of Minnesota adopted resolutions unanimously protesting against the removal of this man, stating that he had conducted his work on a nonpartisan basis.

Mr. President, we cannot expect the understrappers, we cannot expect the little administrators, and assistant administrators, and the foremen, not to play politics with human misery if they see their chief picking a man out, firing him, or offering to demote him because he wants to employ in his place someone who is going to play politics.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. HATCH. I wish to ask the Senator from Montana what reason any of these officials would have to think that they should not play politics, so long as the Congress of the United States fails to take any action or to write a single word against it?

Mr. WHEELER. I agree with the Senator from New Mexico. I think we have been derelict in our duty in not doing something about it, and not writing into the law a provision prohibiting their playing politics, so that there could be no misunderstanding about the matter.

I will say that, so far as my particular State is concerned, the State administrator is a personal friend of mine, and I have no complaint against him, nor have I any complaint against the administrators in my State so far as I am personally concerned, but I do say, Mr. President, that, regardless of whether or not they are playing politics on one side, or whether they are playing politics on the other side, it is not fair to the people of the State, it is not fair to those who are receiving relief checks, and who are depending for their living upon the relief program, to be subjected to pressure of any kind or character because if they shall continue to be so subjected, then, as some Senator said in the Chamber tonight, in view of the fact that we are continually appropriating billions of dollars for relief, it is not going to be long before democracy will be destroyed in the United States.

Mr. HATCH. Mr. President, I made that statement, and I believe it. But I still say that if there is corruption or political influence or wrongdoing on the part of any of these officials, such corruption and political influence and wrongdoing will rest on the doorstep of the Congress of the United States.

Mr. WHEELER. If we do not adopt an amendment to the joint resolution prohibiting such action, then the general impression will go out to the people of the United States that the Congress approves of playing politics with human misery. It seems to me there can be no excuse for any Senator upon the floor of the Senate who does not want to play politics

with human misery—and every man on the floor of the Senate will protest and say that he does not want to play politics with human misery—not to vote to adopt the amendment proposed by the Senator from New Mexico. It seems to me that we should go further than that, and make it a misdemeanor for anyone to use an office dealing with relief for political purposes.

Mr. President, I call attention to a number of editorials and newspaper articles, which I shall ask to have printed in the RECORD as part of my remarks: An editorial in the Mankato (Minn.) Free Press; one in the Minneapolis Journal; an article by Vivian Thorpe; another from the Minneapolis Star; another from the Fergus Falls (Minn.) Daily Journal; another from the Red Wing Daily Eagle; another from the Austin Daily Herald; another from the St. Paul Pioneer Press. I ask that these editorials be printed in the RECORD at this point as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorials are as follows:

[Austin Daily Herald, Friday, May 27, 1938]

Their (the Fascists') concept is every individual simply a molecule in a mass-directed State.—Former President Hoover

THE FARMER-LABOR INDICTS ITSELF

The storm brewed by the Farmer-Labor hierarchy in St. Paul in the caldron of hatred and dislike toward W. P. A. Director Victor Christgau is an indictment of the Farmer-Labor Party tactics itself as applied to those now in charge of its policies. Frankly and candidly, Mr. Hopkins, the national W. P. A. director, has admitted that there is not the slightest taint of scandal, corruption, or fraud in any detail of the administration of the W. P. A. program in Minnesota. Mr. Christgau's record in that respect is stainless, and even the Farmer-Labor chieftains know that to be a fact.

Outright dismissal of this farm boy who has gone into the large city and made good is feared, but still he is to be sacrificed because he has been seeking conscientiously to carry out the purpose and intent of the W. P. A., which is to provide work for needy people without consideration of politics in any shape or form. That Vic Christgau has done. He has remained true to the instructions given him in Washington when he was first placed in charge of the State work, but that is not what the Farmer-Labor plotters in St. Paul want.

Carrying at the head of its banner a declaration for honesty in public service, economy of administration, no favoritism to special interests and other laudatory high-sounding ideals of that sort, the Farmer-Labor Party has now degenerated into a political, conniving machine which will resort to the basest tactics in order to maintain itself entrenched in office. But the day of reckoning comes just as it did for Will Brown, head of the ruthless drivers' union in Minneapolis, who fell a prey to the same violent tactics which have been pursued by his organization for many years.

No longer, apparently, can the Farmer-Labor Party in Minnesota conduct a campaign with the hope of winning on the basis of fair play and direct appeal to the voters on the merits of its record. It must resort to motives and courses which seek to undermine honest administration and conscientious duty. Mr. Christgau had the impression when he accepted the office that the citizens of the State generally—regardless of political affiliations—were to receive the greatest amount of benefits from every dollar spent through the channels of the W. P. A. That he set out to do and that he has done. His thanks from the national administration is apparently to be "promoted" to another position or dismissal because he has refused to stoop to the ward-heeling, soap-box methods of the F-L. It indicts itself.

[From St. Paul Pioneer Press]

CRUDE POLITICS

If there were any doubt before that the W. P. A. is in politics, the removal of State Administrator Victor Christgau ends that doubt. A cruder or more unashamed diversion of public money to the political uses of an administration in power has rarely occurred.

If any position in the Federal service should be apart from politics, if any official should have the status of civil servant detached from politics, it is the office of W. P. A. Administrator. The public money put in his hands is not there to advance the political fortunes of any man, or to make secure the tenure in office of any party. He has the obligation and responsibility of aiding those in need, and he cannot serve two masters—he cannot serve his political superiors and also perform his duty to the public.

Such a civil servant Victor Christgau has tried to be. Not a breath of scandal has been raised against him and not a suggestion of inefficiency. The complaints have been of the purest, or impurest, political kind. The Farmer-Labor Party has wanted the patronage of the vast organization of W. P. A. and the political

power that goes along with control over allocation of such great sums of money. Disagreements as to matters of judgment or policy have existed, as perhaps in this weed-eradication program, but there has been no blot on the record of the State W. P. A. administration. It has been a model among the various State organizations of W. P. A. The projects have been in general of permanent usefulness. Considering the difficulty of the conditions under which W. P. A. operates, they have been carried out well. Mr. Christgau has been fair, impartial, nonpolitical.

All this is not denied by Mr. Hopkins, the Chief of W. P. A. On the contrary, he has often expressed his approval of Mr. Christgau and he does not withdraw his endorsement now. In fact, he renews it by offering Mr. Christgau a higher job in the organization at Washington, as if to make amends for the shabby treatment of a loyal and competent subordinate.

Mr. Christgau's good faith is all the more marked because he refuses to oblige Mr. Hopkins by allowing himself to be "kicked upstairs." He refuses to be a party to this nauseous piece of practical politics and he turns his back on the offer rather than seem to get an advantage out of it. In plain language, Mr. Christgau was offered the bribe of a better job to put a false front of propriety on a shady deal, and Mr. Christgau, with a higher sense of principle, refused to be bribed. There is plainly no place for such an official in a government service at a time when his office is to be prostituted to political ends.

Mr. Hopkins explains that he does this simply because he is tired of the constant complaints from the Farmer-Labor Party. In other words, he will yield to political attack and sacrifice his best subordinates when the politicians of the right party want him to do so. It was Mr. Hopkins' duty to stand against these political attacks and show that his organization is not in politics. But he has done the opposite and has shown that his organization is in politics.

So it appears that the national administration has again given the State Democrats, and particularly District Attorney Victor Anderson, the double cross. The administration now has two horses in the primary race, and can turn to either after June 20. Perhaps they fear that Mr. Anderson cannot be nominated. Perhaps they want to divide the La Follette third-party movement by playing the game with the Farmer-Laborites. Whatever the purpose, it is politics of the crudest sort and it deserves to be rebuked by those whose money is being used for partisan purposes.

Nor are taxpayers alone concerned. With W. P. A. in politics, people on relief will find that the money will tend to be used where it will do the most political good, not where it is most needed. They will be subjected to the will of a political boss; there will be more money for inefficient political administration, less for relief.

If elections can be bought by the party in power by first conjuring up a great spending program and then using the money for patronage, in short to buy votes, then democracy has become a mockery in America and the supposedly untrammelled will of the people is in the hands of those who control the public purse.

[From the Red Wing Daily Eagle]

POLITICAL MANEUVERING

The ousting of Victor Christgau as State W. P. A. administrator sheds a new light on Minnesota's muddled political affairs. Christgau had to walk the plank because the Benson political machine wanted no more of him. Christgau halted the move of the machine to add about 2,000 or more weed inspectors to the State pay roll. So the machine demanded of the Federal administration that Christgau get out. This in the very face of protests of Senator SHIPSTEAD, the highest ranking Farmer-Laborite in the State, and of Victor Anderson, the acknowledged candidate of the Roosevelt-Farley combination for the Democratic gubernatorial nomination. Now the political wisecracks of Minnesota are wondering what the Anderson candidacy is all about. Is there a trick to it?

Benson will have the battle of his life to win the Farmer-Labor nomination in June. Hjalmar Petersen may take his measure with Republican and Democratic conservatives help. Should Benson win the primary, he will face another strenuous battle in November. He might even need another "horse trade" similar to the one pulled 2 years ago when the Democratic nominee withdrew in his favor.

Here are some questions that are being asked in view of the Christgau discharge: If Anderson and Benson are the Democratic and Farmer-Labor nominees, will Anderson withdraw? If Anderson and Petersen win, will the Benson crowd swing over to Anderson? If Anderson fails to gain the Democratic nomination will the Roosevelt-Farley support be swung to the Farmer-Labor nominee?

Surely the way is left open for any kind of a "swing" in the fall. Benson wanted Christgau fired; the administration crowd at Washington complied by kicking out Christgau. That proves that the "combination" that engineered the Delaney-Curtis withdrawal 2 years ago still holds good. Victor Anderson is the admitted choice of the Federal administration. Anderson opposed Christgau's removal. That puts Anderson in solid with the anti-Benson forces of the Farmer-Labor Party. At the same time, the Benson forces are in solid with the administration powers that rule the dominating faction of the Minnesota Democrats. It's a sort of a "heads I win, tails you lose," so far as this set-up is concerned. With Benson the nominee, Anderson can be withdrawn; with Benson out, his support swung to Anderson—if Anderson wins.

[From the Fergus Falls Daily Journal]

CHRISTGAU OUSTED

The ousting of Victor Christgau as relief administrator for Minnesota gives full proof, if any were needed, that politics, not merit, governs national relief distribution. Mr. Christgau has tried to keep the W. P. A. out of politics in Minnesota and this has infuriated Governor Benson and other Farmer-Labor leaders. The Democratic candidates, including Victor Anderson, United States district attorney, who had direct orders from Washington to file for Governor, protested against Christgau's dismissal. As Mr. Anderson put it in his telegram to President Roosevelt:

"Christgau has stood firmly against attempts to use the W. P. A. as a tool of graft and corruption. He has consistently held that W. P. A. money should be used to benefit the many who lack private employment and not to benefit racketeers interested in lining their own pockets. It is because of this refusal to countenance such misdirection of the W. P. A. that the powers behind the State Farmer-Labor administration have turned their big guns on Mr. Christgau. His removal at this time, either outright or by his transfer to another post would be tantamount to a surrender of the rights of the people."

Nevertheless, Mr. Roosevelt threw Mr. Christgau out on the demand of Governor Benson and "racketeers interested in lining their own pockets."

[From the Minneapolis Star]

THE CHRISTGAU OUSTER

There appears to be a large discrepancy between the recent "no politics" warnings sounded by Harry L. Hopkins, W. P. A. Administrator, and his dismissal Sunday of Victor Christgau, Minnesota administrator of W. P. A.

The discrepancy is found in the indication that Mr. Christgau was ousted for political reasons, or rather in the lack of evidence that he was ousted for any other reason.

Unless and until Mr. Hopkins proffers an explanation which will dispel this assumption—namely, that Christgau was edged out of office by political pressure acting via Mr. Hopkins—the W. P. A. chief will stand guilty in many people's minds of grave inconsistency.

Coming on top of Mr. Hopkins' endorsement of Senator WEARIN as Democratic senatorial nominee in Iowa, the Christgau case only throws another spotlight on the apparent inability of Mr. Hopkins to keep politics out of W. P. A. in spite of his firm declarations that no politics playing will be tolerated.

It is probably idle to believe, or hope, that the dispensing of top W. P. A. jobs can be made on a 100 percent purely nonpolitical, nonpartisan basis. On the other hand, until recently Mr. Hopkins has shown a fine record of efficient handling of W. P. A. activities and has kept them freer of political taint than, perhaps, any other department of the administration.

It is up to Mr. Hopkins to clear himself now, if he can, of charges of giving in to political pressure. Until he does so, only one conclusion can be drawn from Christgau's removal—that Mr. Hopkins doesn't practice what he preaches in his "no politics in W. P. A." letters.

[From the Mankato Free Press]

A SCANDAL OF MAJOR PROPORTIONS

(Editor's Note: Since the editorial following was written, word has come officially from Washington of Mr. Christgau's removal. That only lends emphasis to what is said here. This bald and deliberate sacrifice of an official whose honesty and integrity is his sole disqualification in the eyes of the Farmer-Labor Party and of the national administration, is a disgrace to decent government in this State—a disgrace to decent government in the national relief administration. If the people take it without violent, vigorous, and decisive protest, then they are only inviting the abdication of honesty in government, the reigning supreme of spolls and corruption.)

Protests against the removal of Victor Christgau as State W. P. A. administrator are piling up in Washington. Both Senator Shipstead, who is defending Christgau, and Senator Lundeen, who has demanded his ouster, have received hundreds of messages from members of all political parties, from business and industrial leaders, from average citizens, urging that he be retained in his post.

One thing is obvious—there hasn't been much sham about the demand for Christgau's scalp. The Farmer-Labor inner leadership wants it because he hasn't turned enough patronage their way. The administration considers "kicking him upstairs" to a better Washington appointment solely to satisfy the Bensonites' demand for more pap and spolls. That the removal of a conscientious and efficient public servant should be proposed with such barefaced indifference to the public service or the repeated promises to keep politics out of relief is perhaps a testimonial to the low estate to which honesty in government has fallen.

That there has been such a volume of protest over the proposed Christgau ouster is somewhat encouraging. Perhaps honesty and efficiency in government is worth while after all. Perhaps the public holds it in higher esteem than some of our leading public officials.

If the disgraceful proposal of throwing Christgau to the wolves just because he would not knuckle down to the Farmer-Labor spoliemen is actually carried through, it should become a major campaign issue. It should be carried to the floor of the Senate, where the fight to keep politics out of the new relief bill is in progress. It would be a major scandal of national proportions and it should be aired and agitated as just that.

[From the Journal, Tuesday, May 31, 1938]

SPOILS TRIUMPHANT

The administration of W. P. A. in Minnesota has been sold out to partisan politics. From now on it will wear the color of a political machine. And this disservice has been done by Administrator Harry Hopkins, who has proclaimed again and again the absolute independence of W. P. A. from political influence and control.

Removal of Victor Christgau as Minnesota director is an abject surrender to the importunities of the Farmer-Labor State machine, which has been demanding his ouster for years. Mr. Hopkins finally became "sick and tired" of this pressure, he has said, but instead of rebuffing the tactics, he has placed the blame on Christgau and made him a sacrifice.

No reason is given for the Christgau removal. That, and the fact that he was offered a good position at Washington, give proof that Mr. Christgau is justified in making this statement to Mr. Hopkins:

"My removal by you could be interpreted only as a political move to satisfy a minority group of selfish and unscrupulous politicians."

There is no need for argument, and very little for comment, in view of the plain facts. It is apparent that Christgau has offended in resisting the demands of the State machine that he turn his staff over to its patronage bureau. Only one conclusion is possible now—that W. P. A. in Minnesota has been thrown to the wolves of politics. We may hear next that political "clearance" is demanded, not only of the supervising force, but of the unemployed who want W. P. A. work.

Mr. Hopkins put W. P. A. into politics when he endorsed a favored candidate for the Senate in Iowa as against the Democratic incumbent. But that error was insignificant beside the Minnesota sell-out.

It is most unfortunate that W. P. A., a worthy undertaking inspired by humanitarian ideals and run in consonance with those ideals in this State in the past, must carry hereafter the handicap of a partisan brand.

OUSTER OF CHRISTGAU CALLED SHOCK TO CITIZENS OF STATE

(By Vivian Thorp)

The removal from office of a public servant whose great sin seems to have been the fair performance of his duty has been a disagreeable shock to the people of this State who believe in decent government administration.

In the weeks and months the State administration has been harrying Victor Christgau for political reasons, citizens have refused to believe his removal would be effected by Farmer-Labor.

It has been generally believed, almost up to the last moment, that national W. P. A. Administrator Harry L. Hopkins would have sufficient guts to stand back of a man who has apparently performed his job faithfully, according to Federal regulations, and that the President would deem it his duty to uphold Hopkins in so doing.

The belief was evidently misplaced and it becomes daily more difficult to maintain with any conviction that there is anything in the theory that even an attempt is being made to carry on such relief services as W. P. A. without partisan politics.

In justice to Hopkins, it must, perhaps, be said he did not like this Christgau affair, and that he balked at it as long as he could safely do so. But after all, that is a poor excuse.

In the light of this affair it would be interesting to know how the national administration can ever hope to convince Minnesota Democracy it is considered worthy of the slightest consideration by the President.

Governor Benson, in his attack on the protestations against Christgau's removal, makes the charge that Christgau has been using the office of WPA Administrator as a political build-up for himself. This is not supported by public proofs.

The Benson statement that the objections to Christgau's removal have been made by people "who would abolish W. P. A. entirely if given the power" is an ill-considered and obvious smoke screen.

The administration offers no reason for his removal and leaves the general public the plain assumption that the removal was made for purely partisan political reasons. Though the adjective "pure" has probably little to do with the case.

Reactions of the State press to the Christgau matter should be interesting.

The Blooming Prairie Times (Independent) has already expressed itself right vigorously. Says its editor:

"The trouble with Christgau is that he is an honest man. In handing relief, he felt that was too big an issue to become a cheap partisan issue. He tried to conduct the W. P. A. so the workers got as much out of every dollar as was humanly possible and the local communities got as much for their relief dollar as was possible."

"He picked his staff on the basis of merit and qualifications irrespective of party. As a result, the W. P. A. of this State has always been cited as one of the most efficient organizations in the country."

Mickelson continues that one of Christgau's greatest troubles was that the "regional and Federal offices are always raiding his organization, taking to Chicago or Washington the capable men and women he has trained."

Finally the editor of the Blooming Prairie Times says:

"So the great crime Christgau committed is not that he played politics but that he refused to play the brand of politics this little gang on Capitol Hill has been playing for 2 years."

Perhaps Mr. Mickelson has thoroughly covered the case.

The achievement of a desired end sometimes spells only temporary success.

It is more than possible that the Christgau head-on-a-charger delivered to the State administration is not Christgau's head at all, but is instead just another sizeable nail in the administration's coffin.

It will undoubtedly be claimed by the State administration that the hue and cry against Christgau's removal will come solely from the political opponents of Farmer-Labor. I do not believe this to be the truth.

Rather, it will be the expression of sincere indignation on the part of the State's citizens.

Mr. WHEELER. Mr. President, I hope that the amendment which has been offered by the Senator from New Mexico will be adopted. I have not read the amendment offered by the Senator from Vermont [Mr. AUSTIN], but if his amendment makes it a misdemeanor for those who hold these executive positions to use them for political purposes, then I certainly shall also support that kind of an amendment to the joint resolution. I hope both of them will be adopted.

Mr. CHAVEZ. I dislike extremely to disagree with my colleague [Mr. HATCH]. No one in this body understands him better than I, or appreciates his sincerity of purpose and good faith, honesty, and integrity, more than I do. But I believe in this instance that what my colleague tries to accomplish by the amendment suggested by him will not do what I know, in his heart, he wants to do; but it will be more detrimental to the general purposes which he has in mind than beneficial.

I have sat in this body since 1935, and have listened and observed, and I have come to the conclusion that every State is represented by fine, upstanding men, who possess many human failings and also most human virtues; they are regular folks.

I have heard the discussion on the pending amendment, and it may be that because I have not been in the Senate long enough that I express my opinion in the way I shall this evening.

I have heard much said about politics. I have often heard it said that "You must not be in politics"; and that "Civil service keeps people out of politics." The civil-service system may keep some person who is working for the Government from helping the Senator from Georgia [Mr. GEORGE] or the Senator from Maryland [Mr. TYDINGS], but it will not keep that same person from crowding the Senator from Maryland or the Senator from Georgia or the Senator from New Mexico if the particular bureau that he is working for is interested in some legislation. Politics applies only so far as helping you boys to stay here. Let us try to be a little practical about these things.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. McCARRAN. Will the Senator amend his last remark by saying that it goes only so far as to "keep you boys from being here."

Mr. CHAVEZ. That is correct. They will not help the Senator from Nevada to be here.

Mr. McCARRAN. I agree with the Senator from New Mexico.

Mr. CHAVEZ. But they will gang up on the Senator from Nevada, in spite of the civil-service rules, and the Senator from Nevada knows it.

Mr. McCARRAN. I realize that the Senator from New Mexico is entirely correct. Although I am going to vote for the measure, I know it is going to be administered so, if

possible, to prevent my coming back to the Senate. I realize that. I realized such a possibility when I voted against the Court plan, and I have realized it ever since.

Mr. CHAVEZ. Mr. President, I have heard Mr. Hopkins criticized, and, I think, justly. I may be criticized justly; but I pray to God that the Senator from Nevada may come back to the Senate.

Mr. McCARRAN. I am grateful to the Senator from New Mexico. That is the finest benediction I have had in a long time.

Mr. CHAVEZ. I do not care how the Senator from Nevada votes. I know he will vote his conscience and that is good enough for me.

We have heard a great deal about politics and about civil service. Our very government, our system of government is based on politics. Which one of the Senators who is listening to me tonight would be here this evening if he had not been in politics, and if some of the boys whom it is now proposed to punish because they dare to express their opinions, had not gone about ringing doorbells and obtaining a few votes for the Senator from Nevada, or the Senator from West Virginia, or my friend, the Senator from Missouri?

Let us go a little further with politics. How are we to elect a President of the United States? No matter how good a candidate he may be, no matter how good a man, no matter what kind of heart he may have, how can we elect a President of the United States—including our present President—without politics? It was politics, pure and simple, as known to the average Republican or Democratic Senator which resulted in the nomination of Franklin D. Roosevelt at Chicago. It was not Mr. Ickes, Mr. Wallace, Mr. Hopkins, or Mr. Corcoran. They were not there. They were not delegates. It was politics.

I am proud to say that I have been in politics. I was a delegate to the political convention at Chicago which made it possible for the citizens of the United States to vote for Franklin D. Roosevelt. Mr. Ickes was not there. Mr. Wallace was not there. Mr. Hopkins was not there. Mr. Corcoran was not there. The Senator from Nevada [Mr. McCARRAN] was there, bless his soul. The Senator from Maryland [Mr. TYDINGS] was there. The Senator from Pennsylvania [Mr. GUFFEY] was there. The Senator from California [Mr. McADOO] was there, and the Vice President was there. I was there, and many others were there.

We often hear the statement, "We do not want politics." Well, I do want politics. I believe in party politics and party responsibility. When we abolish party responsibility, we abolish the democracy of which we boast. I still believe, honestly and in conscience, that a Democrat can do a better job with W. P. A. than Mr. Christgau, of Minnesota, who ran on the ticket with Mr. Hoover in 1932. If that be treason, make the most of it. I happen to be an old-fashioned Democrat. I believe there are honest Democrats who do not have to play with human misery.

The President has a great program. I have voted for that program practically 100 percent, and I think in order to carry out that program the persons administering it must believe in the program. It is not possible for a Republican to do that.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. WHEELER. I suppose it is because the Senator voted for the President's program 100 percent that the Office of Indian Affairs has lined up all the Indians for him. Is that true?

Mr. CHAVEZ. The Senator from Montana is rather unfair. I do not appreciate that statement about the Commissioner of Indian Affairs. I expected the Commissioner of Indian Affairs and the Office of Indian Affairs to vote against me, but I did not expect the Office of Indian Affairs and its agents to vote against the President, which they did. If they voted against the President, I do not have much complaint. I expected them to vote against me.

Mr. KING. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. KING. Does the Senator think it would be fair for Mr. Collier, the head of the Indian Office, with \$27,000,000 to spend among the Indians, to coerce the Indians, or to use them—as it is alleged they have been used—to defeat the Senator or cripple his influence?

Mr. CHAVEZ. Mr. Collier was not coercing the Indians or using the Indians to defeat me. He was using his own Indian agents to vote against the President and against me. However, that is neither here nor there. I do not blame the President for things of which he is not guilty. If Mr. Collier has made a mess of the Office of Indian Affairs, I shall not blame the President. There are many things within the Government which I dislike. There are many things which I should vote against. However, I am still sticking by the President, and shall continue to stick by the President, notwithstanding the fact that I know that within the Government there are men and administrators who possibly are not trying to carry out the purposes and ideas of the President. However, I am still for the President, notwithstanding the things which I do not like.

I wish to make an honest confession—possibly because I am young. I like both Cordell Hull and "Jim" Farley. I like the Secretary of State and I like the Postmaster General. One is a politician and the other is an outstanding statesman. I think both have their functions. We must have politics.

I know what is in the mind of my colleague [Mr. HATCH] in offering his amendment. He is sincere, honest, and a man of the highest integrity. He is as peaceful and inoffensive a man as it is possible to find. He would not hurt a child. He would not make an attempt to do a thing that was wrong. However, this particular amendment will have only one effect; and I wish Senators would keep it in mind. It will hurt those who are trying to do what the average Democratic Senator in this body wants to do. It will not keep politics out of the individual States.

It will help the organization of the average Governor, who perhaps wants to be a United States Senator, as against a United States Senator. It will work against the interests of the average Senator, who is just as honest, just as sincere, and just as desirous of keeping W. P. A. out of politics as anybody could be.

Whether we like it or not, we must get back to politics. The average Governor of a State is looking to a seat in the United States Senate. That is the practical side of the matter.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. CHAVEZ. I will take time on the joint resolution.

My colleague [Mr. HATCH] made an attempt at the last session of the New Mexico Legislature to obtain the passage of a resolution similar to the present amendment, applicable to State employees. There was not a chance for it. Call it politics if you will. As a practical proposition, shall we tie the hands of the Senator from Kentucky [Mr. BARKLEY], or any other Senator, just because he happened to have recommended to W. P. A. some honest Democratic friend who could do the job? Shall we prevent that friend from giving the Senator a lift when he needs it? I want my friend from Nevada [Mr. McCARRAN] to receive the help of every person he recommended for office in Nevada. If such persons do not help him, they do not belong in office.

If we adopt the pending amendment, the result will be to hurt a Senator such as the Senator from Kentucky [Mr. BARKLEY]. The Senate can do so if it desires. However, I still believe in politics; and I believe that Democrats are just as honest and can do just as good a job for W. P. A. as any other class of persons.

Mr. SHIPSTEAD. Mr. President, I wish to say something about the Christgau affair.

I understand Mr. Christgau has been removed. I am under no obligations to Mr. Christgau. I had nothing to do with his appointment. He had served for something like 4 years. From time to time complaints have come to me, principally from the Workers' Alliance, objecting to his being continued

as administrator of the W. P. A. in Minnesota. Objections have been based upon various allegations.

I have always felt that a man in a position of that character is in a very difficult situation. Mr. Christgau is not the only man whose removal I have been asked to use my influence, if I have any, to secure since I came to Washington. I have never followed that course. My idea of an administrative office is that it belongs to the executive branch of the Government. If a man has a record that cannot be called reprehensible, if he is not guilty of malfeasance in office or of incompetence, it is none of my affair, unless it be shown by irrefutable evidence that he is guilty and the executive power which appoints him refuses to remove him. Then I might step across the line of demarcation between the legislative and the executive fields and demand that the Executive perform his public function to protect the public service. Such has been my position in regard to patronage. So far as I remember, I have not deviated from that course.

I have never subscribed to the theory that the legislative branch should request patronage from the Executive. I always considered it a form of bribery. I have seen it, not only in the legislative assembly of Minnesota, but in the Congress—at least to my own satisfaction. I think it is deplorable that such a thing should be true.

I received a telegram dated May 16 from the State secretary of the Farmer-Labor Party in Minnesota. I send the telegram to the desk and ask that the clerk read it.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

ST. PAUL, MINN., May 16, 1938.

Senator HENRIK SHIPSTEAD:

State committee urges you contact Hopkins, Williams, for removal of Christgau account antilabor policies. We meet again Saturday. Desire expression as to your attitude.

HAROLD L. PETERSON, State Secretary.

Mr. SHIPSTEAD. I send to the desk a letter dated May 18 and ask the clerk to read it.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

MAY 18, 1938.

Mr. HAROLD L. PETERSON,

State Secretary, St. Paul, Minn.

MY DEAR MR. PETERSON: I have your telegram requesting me to contact Harry Hopkins and Aubrey Williams concerning the removal of Victor Christgau "on account of antilabor policies."

It seems to me that if it is desired to remove Christgau because of antilabor activities, you should direct your request to Mr. Hopkins and to President Roosevelt whose agent he is and from whom he takes his orders. Such a request should be accompanied by proof of the allegations which you make. If you have such proof why don't you present it to the Administrator and ask that a hearing be granted?

Mr. Hopkins' feelings and record toward labor is pretty well known and as well is that of the President. I am sure that if you want Christgau's removal on account of his being unfair to labor, that you will get a very sympathetic hearing and a fair decision in the matter. I have been requested before to take such action as you suggest but I feel it is not honest or fair for me to ask for a removal of a man on the basis of gossip. I have seen no proof, I have had no one offer me proof of his antilabor policies. As a matter of fact you ought to know that Christgau is an employee of the executive department of the Government and you should file your complaint through that channel.

With best wishes, I am,

Yours sincerely,

HENRIK SHIPSTEAD.

Mr. SHIPSTEAD. Mr. President, I have had the telegram and letter read to show my position in this matter as well as in all other patronage matters. There have been charges and allegations made on both sides of the controversy, but no one has offered any proof; no one has asked for a hearing; and no one has offered any evidence. For that reason, I felt, as a Senator, that I should take the same position I would take with respect to any man who holds public office and who occupies a place that someone else may desire to have, unless there is proof of malfeasance or nonfeasance or incompetence in office. As to the charges or allegations made on both sides, I know nothing about them. However, I think it only fair that I ask to have printed in

the RECORD letters and telegrams from both sides of the controversy. They have come to me during the last year, and particularly during the last few days.

I shall ask, Mr. President, to have printed in the RECORD some letters requesting the removal of Christgau and stating the reasons why it is desired to have him removed. I shall also ask to have printed in the RECORD telegrams from various communities, particularly from city and public officials who are elected in Minnesota on a nonpartisan ballot. In Minnesota we are so old-fashioned that we believe we are still governed by a constitution. Every city official, every village official, every township supervisor, and every member of the legislature takes an oath to support the Constitutions of the State and of the United States. He does not take an oath to support any party. So he is sworn to execute the duties of his office under the Constitutions of the State and of the United States. Therefore we elect them on a non-party ballot. These telegrams that come to me come from public officials, mostly, also labor unions and veterans' organizations. They come from Republicans and Democrats and people of various political affiliations. As a matter of fairness to them, to those who want Mr. Christgau removed and to those who protest against his removal, I ask that at least a fair sample of them be presented and printed in the RECORD.

Mr. President, so far as the pending amendment is concerned, I think it is unnecessary for me to express at any length my opinion. I have heretofore expressed my opinion on the floor of the Senate. In Europe, under the parliamentary system there prevailing, there is strict party government. The government in power may be kicked out at any time when there is a vote of lack of confidence. The Members of the Parliament are not elected for a term of years; they are elected by a party and obey the party leader. Here we are elected under the Constitution, and we swear to support it and discharge the duties as was intended by those who founded this Government. A Member of the House of Representatives represents his district, and a man elected to the Senate represents his State as such. In my opinion, it is un-American to consider that he has loyalty to anything but his State, to the Nation, and to the Constitution.

In my opinion, any man who would use public funds or permit public relief funds to be used to influence a free election by a free people ought to be driven from public office. It is impossible to have a free people unless we have free elections, and we cannot have free elections if they can be bought with money.

I will go further than the Senator from New Mexico, for I would make it a crime for anyone appointed—and there is a difference, as we all know between a man who is elected to a legislative position to make the policies of government and a man who is appointed to a clerical or executive position to administer the law—I would make it a crime for anyone appointed to handle relief funds, which should be distributed to men of all parties, to corrupt their freedom of ballot. The man who is hungry and votes one ticket is as much entitled to relief as is the one who votes another ticket.

Men's political affiliations should have nothing to do with whether they shall have bread. They are all entitled to bread. That is why the money is voted by the Congress of the United States. I do not believe we can make too stringent legislation to protect the freedom of the conscience of the people and to divorce political considerations from the privilege of having bread.

Now, Mr. President, I send to the desk the letters and telegrams to which I have referred and ask that they be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters and telegrams referred to are as follows:

MINNEAPOLIS, MINN., March 15, 1938.

Senator SHIPSTEAD.

DEAR SENATOR: Am writing you to let you know I am very much disappointed in your attitude toward Christgau. If there was ever a man who was not big enough for his job it is this same

Christgau. He has been unfair to organized labor from the first day he was put in that job. If you are not a friend of labor, admit it, and we will act accordingly. Hoping you see fit to stand back of the people that elected you, I am

Sincerely,

H. R. McDONALD.

WORKERS' ALLIANCE OF MINNESOTA,
St. Paul, Minn., April 4, 1938.

LABOR RELATIONS BOARD.

Works Progress Administration, Washington, D. C.

GENTLEMEN: The Workers' Alliance of Minnesota wish to protest the action of Victor Christgau in the refusing of jobs to single workers in camps who voluntarily returned to their place of residence in St. Paul and Minneapolis in the hope of getting jobs at home when the State's quota was increased by 12,000 on March 1, 1938.

Single workers who refused to go to camps for the past year or two but who were on relief in Minneapolis and St. Paul during February 1938 were given a choice of (1) taking a job in their place of residence with the understanding that they might be laid off if additional married men were certified for jobs, or (2) taking a job in a camp (about 200 miles from their place of residence and at a \$44 wage instead of \$60.50).

Single workers who individually have left the camps since March 1 for personal reasons or for drunkenness have been assigned to Works Progress Administration jobs in Minneapolis and St. Paul.

However, some 94 single workers, who collectively came to Minneapolis and St. Paul the last week in February under the leadership of the Workers' Alliance asking that they be given the same choice as single workers who previously have refused to go to the camps, have been consistently blacklisted and discriminated against by Victor Christgau, in the hope of starving them into submission and forcing them to go back to camp. All this has been going on while the job quotas in Minneapolis and St. Paul are not yet filled.

In a recent conference with R. C. Jacobsen, regional representative of the Works Progress Administration, Jacobsen defended Christgau to V. L. Mitchell, secretary-treasurer of the Minnesota Workers' Alliance, and stated that this was a "disciplinary measure" and that the whole Works Progress Administration was a "disciplinary program."

We wish to state that we thoroughly disagree with Mr. Jacobsen's stand on this question and that only an Army man or an overzealous social or religious fanatic could have such a viewpoint toward a Government works program under our democratic system of government.

President Roosevelt in a letter to David Lasser on March 19, in greeting the National Conference on Work and Security, held in Washington, D. C., on that date, stated, "Our first duty then is to find work for every able-bodied man and woman." He did not say that these men and women had to be married or that 100 single men in Minneapolis and St. Paul should be blacklisted because they collectively demanded jobs in their place of legal residence when such jobs were open on the Works Progress Administration quota.

President Roosevelt further stated that "only through labor can security be achieved." From this remark we conclude that he does not favor the hamstringing of honest and constructive efforts on the part of Works Progress Administration workers to improve their conditions.

In this same letter President Roosevelt stated that he welcomed constructive recommendations and that discussion on unemployment should be "full and free, but constructive in tone and objective, as well as frank and honest in approach."

We maintain that the approach of Victor Christgau in handling the problem of single workers in Minnesota has not been frank and honest, nor has it been constructive, but rather a sabotage of single workers who during the past one and a half years have been forced to go to far-distant camps or starve to death as the local relief administrators collaborated during that period of time to refuse relief to anyone who would not accept a Works Progress Administration camp job.

Local relief officials have recently rescinded their drastic policy and have expressed the desire that these workers be given jobs in their place of residence and that only volunteers be sent to camps. However, Christgau still refuses to yield to reason or a fair settlement of this problem.

In a recent interview with Aubrey Williams, Acting Director of Works Progress Administration, in regard to this problem, Mr. Williams informed me that he was opposed to a "forced labor policy" regarding jobs on Works Progress Administration. Then why does this policy still exist in Minnesota and even get worse with a "blacklist" formed when workers try to honestly and constructively call this to the attention of the administration?

May we have an honest and immediate solution of this question in Minnesota?

Very truly yours,

CHESTER WATSON,
President, Workers' Alliance of Minnesota.

FRAZEE, MINN., April 25, 1938.

HON. HENRIK SHIPSTEAD,
Washington, D. C.

DEAR SENATOR: As a member of the Workers' Alliance I am asking you to aid Minnesota's W. P. A. and other workers, including farmers, in getting Mr. Christgau removed as State adminis-

trator of the W. P. A., and a more sympathetic man in charge of the work he is supposed to do.

There are rather grave charges against Mr. Christgau, as favoritism and unwillingness to encourage the noxious-weed eradication. We need a man at head of W. P. A. who cares for the "ill-housed, ill-clad, ill-fed."

Thank you for attention.

Sincerely,

Rev. C. E. WALKER.

P. S.—Of course, you will support bills for increased appropriations for Works Program.—C. E. W.

MINNEAPOLIS, MINN., March 13, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:

Fifth District convention today unanimously request that you bend every effort to secure removal of Victor Christgau immediately. Christgau has repeatedly demonstrated his opposition to organized labor and progressive movements. Christgau sabotage of liberal movement must be stopped.

FIFTH DISTRICT CONVENTION.

ST. PAUL, MINN., March 14, 1938.

HON. HENRIK SHIPSTEAD,
United States Senator for Minnesota:

Urgently request that you make every effort to secure removal of Christgau. His continued opposition to progressive movement and sabotage of New Deal objectives must be stopped.

OLIVER C. AMUNDSON,
K. H. MARCH,

Second Congressional Committeemen.

MARCH 16, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.

DEAR SIR: I notice in the last Minnesota Leader that Gov. Elmer Benson has protested to you on the matter of Victor Christgau being continued as W. P. A. administrator for Minnesota.

How Mr. Christgau came to be appointed in the first place is a mystery to me. When one watches his doings and his own appointments, he shows himself up as a political opportunist of the same stripe as L. P. Zimmerman was. I suggest Christgau be tossed out like Zimmerman was.

Mr. Christgau just recently appointed a State committee to take stock of W. P. A. in the State. One of his appointments was Mr. George A. Barnes, county attorney of Redwood County. Mr. Barnes is an old stand-pat reactionary Republican and "dirty-man Friday" for former Republican Representative Frank Clague, another old-time reactionary.

Barnes has been saying nice words to the face of present administration officials, Federal and State, and turns right around as soon as their backs are turned and double-crosses them to a fare-you-well. He is the slickest saboteur of Democratic and Farmer-Labor policies there is living in this county.

Ye gods, can't you see the betrayal to Washington and yourselves when Christgau makes such appointments, for he certainly knows the kind of man Barnes is. If he don't, he is mighty careless of your interests in not finding out. Birds of a feather flock together, so I take it Christgau is of the same "feather" as Barnes.

How about a good Farmer-Labor man, or at the very least an honest-to-gosh-true-blue Democrat in Christgau's place, and soon?

May I suggest you gentlemen "put the bug" on Jim Farley and see what can be done. If we want Republicans running things here, we will get busy and elect better ones than these fellows.

Yours for a right type of man in Mr. Christgau's place.

Respectfully,

E. F. CARPENTER.

MINNEAPOLIS, MINN.,
May 19, 1938.

HENRIK SHIPSTEAD,
Senator, Washington, D. C.:

The sixth ward downtown local of the Workers' Alliance, located at 212 Hennepin Avenue, Minneapolis, Minn., resolved at their meeting tonight to send the following letter to Senator SHIPSTEAD.

DEAR SENATOR: We want Victor Christgau removed from the W. P. A. administration post in St. Paul, because he is a vicious anti-laborer, he personally has never granted our committees one single demand, he is personally responsible that smaller bosses on the projects oppose our stewards to organize and bargain collectively. To bargain collectively and organize is our constitutional right. Christgau is against the American Constitution; he is a Fascist-minded type of a person who uses his office to play politics with the Fascist-minded Republican reactionaries in order to set up a system where he and his clique can tramp on us and our rights with an iron and bloody heel. After much pressure he will put certain groups of us to work, and then in a few months he maneuvers to lay us all off again; for instance, last spring he maneuvered with the threat, "If you don't go out to the camps or find a job somewhere else you are going to lose your W. P. A. job here in Minneapolis and are not allowed to go on relief either." This threat caused fear amongst the single men, so that over a thousand men gave up their W. P. A. job in Hennepin County at \$60.50 and went to the Watson, Appleton, and other camps at the

wage of \$44 per month, and then when two or three hundred of them came back this spring he refused to give them jobs back in their county where they really belong; besides that he blacklists them and discriminates against them in every shape and form. Mr. SHIPSTEAD, let us guarantee you that our organization will leave no stone unturned until this vicious labor hater is out of office, and what we want beside that, is that you as a Farmer-Laborite go along with us and to let us know if you are willing to do this. We want this just for future reference, because we are just beginning to fight.

Yours truly,

H. J. JOHNSON, *Secretary.*

We have mailed to Senator ERNEST LUNDEEN proof showing there has been a blacklist system set up in Minnesota by Victor Christgau, and we hope you will see that this is abolished, and give LUNDEEN your full support.

LOCAL W-474, WORKERS ALLIANCE OF MINNESOTA,
Minneapolis, Minn.

Mr. HARRY L. HOPKINS,
Administrator, Works Progress Administration,
Washington, D. C.

DEAR SIR: At the last regular meeting of our local a motion was passed to call upon you to remove Victor Christgau as Minnesota W. P. A. administrator.

We realize that our local, embracing as it does a majority of those employed on the Twin Cities writers' project, is only a small voice. However, the demand for the removal of Mr. Christgau has become most widespread among W. P. A. workers in this State. The reasons for this you probably already know.

Certainly Mr. Christgau has not conducted his office in a manner to indicate that he is in any way in line with the politics of Mr. Roosevelt, yourself, and the New Deal.

It seems to be an open secret that for many months Mr. Christgau held the number employed here below the Minnesota quota. You are already acquainted with what happened to our weed-control project, due to this gentleman's interference.

As for our dealings with his office we can cite two instances in which we have been treated unfairly. The first instance was when after the cutting of the Federal projects last August Mr. Christgau's office attempted to transfer our workers on the writers' project to State projects at lower rates of pay. On a later occasion a delegation from our group was given to understand that Mr. Christgau's office would do nothing to assist us in getting satisfaction on our demands.

We, therefore, ask, in the name of the many thousands who are made to suffer because of Mr. Christgau's policies, that you immediately harken to the almost universal demand for the removal of this enemy of all progress. The good name of the administration is at stake. Will you not therefore act at once?

Respectfully yours,

JOHN MARSHALL, *Chairman.*

Resolution to Franklin D. Roosevelt, President of the United States, and Minnesota Senators and Congressmen and Harry L. Hopkins, W. P. A. Administrator

TWIN VALLEY, MINN., April 8, 1938.

At our regular monthly meeting held April 8, 1938, the following resolution was unanimously passed:

Whereas Victor Christgau, State W. P. A. administrator, is an enemy not only of the Farmer-Labor Party but a menace to the best interest of the farmers and workers in the State;

Whereas the latest manifestation of Christgau's hostility to the best interest of the State and its farmers and workers in his knifing of the State W. P. A. weed-eradication project. Noxious weeds, particularly creeping jenny and leafy spurge, have become a real menace to agriculture in the State generally and to the income of thousands of our farmers. Here was an opportunity through the use of \$600,000 Federal funds for labor and \$140,000 State funds for chemicals and other materials to give some real help to farmers in weed eradication without any cost to them.

What did Christgau, the farmers' friend, do? Did he help, as the W. P. A. did in other States? No. He knifed the project; and when he was exposed in his duplicity and hypocrisy by the State department of agriculture, Governor Benson, and the Department of Agriculture, he tried to cover up his betrayal of the farmers' interests by an attack on the Governor and the State administration.

Whereas our charges that Christgau is a reactionary, hostile to the New Deal and all other liberal ideals, have also been proven by the open charges made at the State convention of the Younger Democrats at Duluth that Christgau through his W. P. A. appointees endeavored to capture the convention for the reactionary Democrats who supported Landon in the last Presidential election; and

Whereas the retention of this reactionary and anti-New Dealer masquerading as a Democrat in the position of State W. P. A. administrator is an affront to the progressive State of Minnesota and results in unnecessary hardship to the W. P. A. workers in the State: Therefore be it

Resolved, That the Farmer-Labor Club, of Twin Valley, Minn., urge his immediate removal; and be it further

Resolved, That we urge the congressional delegation from Minnesota as well as all labor and progressive organizations in the

State to join us in this demand for Christgau's removal because of his reactionary policies and the danger of such policies to the welfare of the farmers and workers in the State.

Copies to Governor Benson, Senators Lundeen and Shipstead, Congressman R. T. Buckler, President Roosevelt, and Harry L. Hopkins.

HANS BRAKOE,

President,

C. O. CHRISTIANSON,

Secretary,

Twin Valley Farmer-Labor Club.

Resolutions of Paynesville Workers' Alliance, Local No. G-587

The following resolutions and endorsements were unanimously passed by the Workers' Alliance, Local No. G-587, on April 14, 1938, to be presented to the national office of the Workers' Alliance of America and to our State and district offices and Congressmen and Senators in Washington, D. C.:

"Resolved, That the State W. P. A. administrator, Victor Christgau, be removed from office at once. The reason for this request is as follows: Because Victor Christgau is opposed to organized labor and especially the Workers' Alliance.

"The whole W. P. A. is opposed to organized labor. Specific regulations from Washington with regard to prevailing wages, hours of work, workers' right to organize, are deliberately violated or disregarded by Victor Christgau and his State and local W. P. A. administration, giving rise to labor strife and strikes on W. P. A. in various localities in the State.

"The W. P. A. is rotten with favoritism and discrimination. Foremen and timekeepers are picked not for their competency and need but because they are the political henchmen of reactionary officials. Needy unemployed persons competent to fill these jobs are left to starve or given the lowest paid jobs, while the better jobs go to the political henchmen of Christgau.

"That workers are doing skilled work but are paid unskilled wages. Trade-union standards and wages so long fought for by organized labor are being undermined and destroyed by Christgau's antilabor administration."

JOHN A. THIELEN, *President.*

E. C. BROCK, *Secretary.*

WINONA, MINN., April 13, 1938.

HENRIK SHIPSTEAD,

Senator from Minnesota, Washington, D. C.

DEAR MR. SHIPSTEAD: Whereas Victor Christgau has consistently set himself up against the best interests of the State and its farmers and workers; and

Whereas he has established himself as a one-man ruler and virtual dictator by his methods of self-publicity by setting up his own political machine, and by favoritism and his aid to reactionary forces to defeat progressive enactment; and

Whereas he has by his past acts and his maneuverings failed to accomplish the weed-eradication project; and

Whereby \$600,000 of Federal funds did not come into the State to help the farmers, workers, businessmen; and

Whereas his activities have proven him antilabor, antiprogressive; and

Whereas he has shown himself to be definitely opposed to the workers who have lost their jobs through no fault of their own and against the farmer and small-business man:

We, members of the Workers' Alliance of Winona, Local 27, demand his immediate removal.

JESSE LONG, *President.*

LEANDER SYDLO,

Vice President.

Mrs. HARRY TIETZ,

Secretary-Treasurer.

At a general meeting of the Workers' Alliance assembled on May 20, 1938, a concurrent resolution was unanimously passed as follows:

Whereas it has come to our attention that Mr. Victor Christgau, W. P. A. administrator of the State of Minnesota, is not doing his duty as such, in compliance with the needs of the people of said State of Minnesota, and

Whereas we feel that such attitude on the part of Mr. Victor Christgau is unfair and contrary to the best interests of the people concerned, and others, and

Whereas we claim the reactionary attitude of said Christgau is sufficient reason to demand his removal from the said position as Works Progress administrator of Minnesota, now therefore be it

Resolved by the Workers' Alliance of Freeborn County, Minn., That the utmost influence be used to remove Victor Christgau as W. P. A. administrator of the State or Minnesota: Be it further

Resolved, That copies of this resolution be sent to Harry Hopkins, W. P. A. Administrator, Washington, D. C.; President Roosevelt; Congressman Andresen, Washington, D. C.; David Lasser, president of Workers' Alliance of America, Washington, D. C.; Chester Watson, president of Workers' Alliance of Minnesota, St. Paul, Minn.; and Senator Henrik Shipstead.

Dated at Albert Lea, Minn., this 24th day of May 1938.

N. C. NELSON,

Chairman, Resolutions Committee.

Whereas a W. P. A. State administrator of relief work should be progressive, open-minded, loyal, and in accord with the objectives of the New Deal relief program, and in sympathy with the problems of the needy, and should have a mental attitude and character that could cooperate with the State administration; and

Whereas Mr. Victor Christgau, State W. P. A. administrator, has apparently on numerous occasions shown hostility to the Farmer-Labor State administration, disloyalty to the New Deal, a career of antilabor and antiprogressive activities, and has used his W. P. A. set-up to aid the reactionary forces of the State, and shown favoritism and discrimination in choosing his helpers; and

Whereas he has deliberately disregarded or violated specific orders from Washington with regards to specific wages, hours of work, workers' right to organize—thus giving cause for strikes; and

Whereas he ignores wage standards and scales recognized by organized labor, thus undermining the workers' standard of living; and

Whereas he had to be forced by the State administration to aid drought-stricken farmers; and

Whereas he apparently diverts Federal funds for an elaborate publicity organization for his own personal aggrandizement and aids the kept press and reactionary forces in the State in attacks on labor, the farmer, and the progressive movement; and

Whereas he is apparently knifing the State W. P. A. weed-eradication project, a project doubly valuable to the farmers, since it should tend to increase the income of the farmers, and at the same time provide employment that is now very much needed: Now, therefore, be it

Resolved, That Harry Hopkins, Federal Relief Administrator be, and hereby is, requested to immediately discharge the said Victor Christgau from his office as State W. P. A. administrator for the State of Minnesota.

LOCAL G890, WORKERS' ALLIANCE OF AMERICA,
Littlefork, Minn.

Attest:

R. H. HAWKINS, *Secretary*.
ALBERT PETERSON, *Chairman*.

CENTRAL COMMITTEE OF THE RICE
COUNTY FARMER-LABOR ASSOCIATION,
Lonsdale, Minn., May 9, 1938.

Senator SHIPSTEAD,
Washington, D. C.

DEAR SENATOR: *Resolved*, We the Rice County Farmer-Labor Central Committee do hereby ask that Victor Christgau, State Works Progress Administration administrator, who has been an enemy not only of the Farmer-Labor Party but a menace to the best interests of the farmers and workers in the State, be removed from his present position.

RICE COUNTY FARMER LABOR CENTRAL COMMITTEE,
BERT L. TRAXLER, *Secretary*.

Senator SHIPSTEAD,
Senate Office Building, Washington, D. C.

REMOVE CHRISTGAU

Whereas we feel that Mr. Victor Christgau, Minnesota Works Progress administrator, is using unfair labor tactics in his discrimination against the single workers who went to the Works Progress Administration camps under promise of first chance to work in the Twin Cities area at \$60.50 as soon as single men would be reassigned; and

Whereas single men who have refused to go to camps and work for \$44 monthly are given assignments and Mr. Victor Christgau continually refuses to assign the single men from the camps to jobs in areas in which they are legal voters and have legal residence; and

Whereas Mr. Victor Christgau from time to time shows his hatred for organized labor by discriminating against various trade-unions and other organizations; and be it therefore

Resolved, That we demand the immediate discharge of Mr. Victor Christgau as Minnesota Works Progress administrator and be replaced by a Farmer-Laborer friendly to organized labor.

THIRD AND FOURTH WARD LOCAL WORKERS' ALLIANCE,
ALFRED BACHMAN, *President*, Minneapolis, Minn.

P. S.—Passed unanimously at regular meeting of Third and Fourth Ward Local Workers' Alliance, April 22, 1938, at Labor Lyceum. Eighty-five members present.

JOHN HANSON, *Secretary*.

What did Christgau—the farmers' friend—do? Did he help as the Works Progress Administration did in other States? No. He knifed the project and when he was exposed in his duplicity and hypocrisy by the State department of agriculture, Governor Benson, and the United States Department of Agriculture, through Mr. Paul Appleby, assistant to the Secretary of Agriculture Wallace, he tried to cover up his betrayal of the farmers' interests by an attack on the Governor and the State administration.

Despite the lying newspapers, despite Christgau's political machine and publicity organization, the farmers of Minnesota know that it is Christgau who knifed the one and only project which was intended to be of direct help to the farmers. This responsibility he cannot and will not escape.

WEED OUT CHRISTGAU

This hypocritical and false liberal must be exposed. His drive against labor, farmers, and progressives in the State must be stopped. Every honest worker, farmer, and merchant should help. Write to your Congressmen and Senators; pass resolutions and send them to Harry Hopkins, to the President, to the Minnesota Congressmen and Senators.

Tell them the truth about this man, and demand his removal. Subscribing to the above statement, I implore those having authority, to act upon this petition.

REV. C. E. WALKER,
Minister of the Presbyterian Church.

Also signed by chairman and secretary of Workers' Alliance No. 112, of Frazee, for the entire membership of 77 by proclamation.

G. W. COBLER, *Chairman*.
MRS. MATH THELEN, *Secretary*.

WORKERS' ALLIANCE OF MINNESOTA,
St. Paul, Minn.

WEED OUT CHRISTGAU

Victor Christgau, State Works Progress Administration administrator, is an enemy not only of the Farmer-Labor Party but a menace to the best interests of the farmers and workers in the State.

His mask of false liberalism must be torn off. His lip service to the New Deal and the people's interests must be exposed. His career of antilabor and antiprogressive activities must be stopped.

Victor Christgau is a political chameleon. He had been by turns a Farmer-Laborite, a Republican, and a Democrat. Since he became State Works Progress Administration administrator he has used the powers of his office and the Works Progress Administration to support and aid the most reactionary interests in the State in their drive against the workers and farmers in the State.

The Works Progress Administration is rotten with favoritism and discrimination. Foremen and timekeepers are picked not for their competency and need but because they are the political henchmen of reactionary officials. Needy unemployed persons competent to fill these jobs are left to starve or given the lowest paid jobs, while the better jobs go to the political henchmen of Christgau.

The whole Works Progress Administration is opposed to organized labor. Specific regulations from Washington with regard to prevailing wages, hours of work, workers' right to organize are deliberately violated or disregarded by Victor Christgau and his State and local Works Progress Administration administration, giving rise to labor strife and strikes on Works Progress Administration in various localities in the State.

Workers are doing skilled work but are paid unskilled wages. Trade-union standards and wages so long fought for by organized labor are being undermined and destroyed by Christgau's antilabor administration. Women's wages on sewing projects have been cut all over the State. Deals are made with local governments and contractors whereby Works Progress Administration labor is exploited for profit by private contractors who would otherwise have to employ labor at union rates and standards. The State Federation of Labor, at its last annual convention, condemned his antilabor activities.

Every concession ever gotten from Christgau has had to be wrested from him after a long and hard struggle on the part of labor, the farmers, and progressives in the State. It was Floyd B. Olson, with the aid of labor, who made Christgau grant the 10-percent increase in the security wage. It was Governor Benson, aided by organized labor and the Workers' Alliance, who forced Christgau to employ his full Works Progress Administration quota in the State after Christgau deliberately deprived thousands of farmers in the State of Works Progress Administration jobs in the drought of 1936 when there were no quota limits.

Through an elaborate publicity organization highly paid from Government funds diverted from the unemployed, Victor Christgau floods the State with publicity for his personal aggrandizement. Through the same publicity organization he aids the kept press and every reactionary force in the State in their attacks on labor, the farmer, and the progressive movement in the State.

He twists the truth, and while he talks hypocritically of the New Deal and the people he allies himself with the worst reactionaries in both the Republican and Democratic parties for the defeat of the very measure advocated by the New Deal in the interests of the people.

The latest manifestation of Christgau's hostility to the best interests of the State and its farmers and workers is his knifing of the State Works Progress Administration weed-eradication project. Noxious weeds, particularly creeping Jennie and leafy spurge, have become a real menace to agriculture in the State generally and to the income of thousands of our farmers. Here was an opportunity through the use of \$600,000 Federal funds for labor and \$140,000 State funds for chemicals and other materials to give some real help to farmers in weed eradication without any cost to them.

The Workers' Alliance of the second Works Progress Administration district, in the Ninth Congressional District, held a district conference in Detroit Lakes on May 21, 1938, at 10 a. m., in the

Grand Army of the Republic Hall, with 261 delegates present, and passed the following resolution:

"Whereas Victor Christgau, Works Progress Administration administrator for Minnesota, has proven himself to be opposed to labor; and

"Whereas he has continued to appoint men and women to positions, or allowed them to be appointed by his assistants, and placed them in a position where they could jeopardize Works Progress Administration and be antagonistic to labor: Now, therefore, be it

"Resolved, That we support ERNEST LUNDEEN in his proceedings of removing Christgau, and that we give him all assistance possible."

EDGAR MIKKELSON,
Moorhead, President,
G. W. COLBERT,
Frazee, Vice President,
GUS NELSON,
Moorhead, Treasurer,
JOHN VOGT,
Manahga, Secretary,
GEO. W. BLAKE,
Fergus Falls, District Organizer.

DULUTH, MINN., May 23, 1938.

HON. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:

I protest vigorously any attempt to remove Mr. Christgau; his removal would be very unpopular in Minnesota; imperative he be retained.

JOHN P. ERICKSON,
Democratic National Committeeman for Minnesota.

DULUTH, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:

St. Louis County Younger Democrats heartily endorse the non-political administration of Victor Christgau, Minnesota Works Progress Administration director, and urge that he be fully retained.

E. O. MUELLER,
President, Younger Democrats of St. Louis County.

APPLETON, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:

Victor Christgau has performed superhuman service to Minnesota as Works Progress administrator, and in my estimation it would be a great mistake to discharge him and disrupt a very efficient organization to satisfy a vicious political machine. I therefore ask you to give this matter your careful consideration.

A. T. FORSBERG, Mayor.

ALEXANDRIA, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Chamber:

Heartily commend your support of Mr. Christgau and urge you to continue it. My intimate contact with sponsors, supervisors, and workmen in Douglas County enable me to assure you that they are very much in favor of his retention. The complaints and charges against him are without foundation and are not inspired by proper motives. If time permitted I could get every Works Progress Administration worker in my county to sign this.

J. L. FITZGERALD,
Democratic County Chairman.

ST. PAUL, MINN., May 19, 1938.

Senator HENRIK SHIPSTEAD,
United States Senate Office Building, Washington, D. C.:

I have the highest regard for Victor Christgau as administrator.

M. H. GEHAN,
Mayor, City of St. Paul.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:
All members, Local 592, National Federation of Federal Employees, strongly urge retention of Victor Christgau as State administrator. His loyalty to the program justifies this action.

W. H. MILLER,
President, Local 592, Brainerd, Minn.

VIRGINIA, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building:

Keep Christgau; able, fair, satisfactory, except to radical minority group.

R. E. BAUMGARTNER,
Labor Advancement Association, Local 7.

GILBERT, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
Washington, D. C.:

We request to retain Victor Christgau as State administrator.

LABOR ADVANCEMENT ASSOCIATION.

ST. PAUL, MINN.

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

Love of our country above party label impels us to repudiate the present crude and contemptible attempt to remove Christgau. Recent requests for funds by these political manipulators who use human misery for self aggrandizement were refused by Christgau and upheld in Washington. He has efficiently and honestly handled Works Progress Administration funds in this State. We stand behind him because he has done his duty as a servant of the people and not the servant of those that now demand his removal.

YOUNGER FARMER-LABOR ASSOCIATION,
C. D. PETERSON, President.

ST. PAUL, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

Monday, May 16, a resolution was passed by the Building Trades Council asking that you remove Victor Christgau as State administrator of Works Progress Administration in Minnesota on the grounds that he has discriminated against union labor. The Twin Cities Pipe Trades Council, composed of Plumbers Local Union, No. 15, of Minneapolis; Plumbers Local Union, No. 34, of St. Paul; Steamfitters Local Union, No. 455, of St. Paul; Steamfitters Local Union, No. 539, of Minneapolis, and Sprinkler Fitters, No. 417, of Minneapolis, are very much opposed to any such action, as we feel that Mr. Christgau has always been most cooperative in every way with all the above-mentioned unions. Plumbers Local Union of St. Paul and Steamfitters Local Union of St. Paul are both affiliated with the St. Paul Building Trades Council, and neither of these local unions voted in favor of the above-mentioned resolution.

TWIN CITIES PIPE TRADES COUNCIL,
WILLIAM J. CANNON, Secretary.

AUSTIN, MINN., May 24, 1938.

Senator SHIPSTEAD:

Labor satisfied with Christgau. We urge you keep him State administrator.

FRED FISHER,
President, Machinist Lodge 563.

MINNEAPOLIS, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

Plumbers' Union No. 15 of Minneapolis wish to protest any action leading to the removal of Victor Christgau as State administrator of the Works Progress Administration in Minnesota, as we feel that Mr. Christgau has done an excellent job and has cooperated with union labor in every way.

A. J. MCINERNEY,
Business Representative, Plumbers' Union.

ST. PAUL, MINN., May 23, 1938.

Senator SHIPSTEAD,
Washington, D. C.:

We hope that you will retain Christgau as Works Progress administrator in Minnesota, as he has always been fair to our union in this county.

JOHN G. MANN,
Secretary, Bricklayers and Stone Mason Union.

MINNEAPOLIS, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:

Victor Christgau as State administrator a great advantage to labor. Kindly act for his retention.

WARD S. ELLIS,
President, Local 605, N. F. F. E.

AUSTIN, MINN., May 24, 1938.

Senator SHIPSTEAD:

Labor satisfied with Christgau. We urge you keep him State administrator.

RICHARD TAYLOR,
Chairman, Federated Shopcraft.

DULUTH, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:

Confidence of this local union still rested in Victor Christgau. FEDERAL LABOR UNION No. 20550, D. E. WRIGHT, President, M. DEBRULE, Secretary.

VIRGINIA, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:

Victor Christgau, State Works Progress Administration administrator, is able, efficient, and a conscientious public servant, we deplore the present attempt to effect his removal and strenuously object to same.

COUNTY EMPLOYEES LOCAL 117,
AMERICAN FEDERATION OF LABOR,
R. J. STICKNEY, President.

AUSTIN, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building:

Order railway conductors satisfied with Victor Christgau administration, request he be retained as State administrator Works Progress Administration.

ORDER OF RAILWAY CONDUCTORS,
C. C. CAREY, Secretary.

ST. PAUL, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Plumbers' Local Union, No. 34, of St. Paul, affiliated with St. Paul Building Trades Council, are not in accord with the action of said council in asking removal of Victor Christgau as Works Progress Administration administrator of Minnesota, on the contrary membership of local union, No. 34, are behind Mr. Christgau 100 percent, as we feel that he has been very fair in every way, and that rather he be censured he should be commended for the fine job he has done.

PLUMBERS' LOCAL UNION, No. 34,
A. G. ACKERMAN, Secretary.

MINNEAPOLIS, MINN., May 25, 1938.

Senator HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

I heartily endorse Mr. Christgau's outstanding accomplishments in Minnesota.

JOSEPH H. PEPPIN,
Legislative Representative, Brotherhood Railroad Trainmen.

MOORHEAD, MINN., May 27, 1938.

Hon. SENATOR SHIPSTEAD,

Washington, D. C.:

Realizing the difficulties of administering the policies of Works Progress Administration, we wish to compliment the Works Progress Administration for its comprehensive program, especially in this part of Minnesota where the relief problem has been and is so acute. We hope the good work will continue.

FARGO-MOORHEAD ALLIED WORKERS, LOCAL 252.

VIRGINIA, MINN., May 27, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

As your constituents, we oppose any attempt to oust Victor Christgau; he has made a splendid record. Please continue your support of our administrator.

Mrs. Caroline Sandberg, Mr. and Mrs. Berge, Mr. and Mrs. Hanses, Mr. and Mrs. Smith, Mr. and Mrs. Reid, Mr. and Mrs. Hill, Mr. and Mrs. Pearson, Mr. and Mrs. Hanson, Mr. and Mrs. Ole, Dr. Hall, Dr. and Mrs. MacDonals, Reverend and Mrs. Hallsten, Mrs. Blow, secretary, Child Welfare.

SLEEPYEYE, MINN., May 27, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Victor Christgau, the Works Progress Administration administrator for Minnesota, has fulfilled his office in a very capable manner and we ask that he be retained in that capacity.

CITY COUNCIL, SLEEPYEYE,
J. A. GLASMAN, President,
C. C. HANSON, Mayor.

MORRIS, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

As chairman, Minnesota Emergency Relief Committee, I had many conferences with Victor Christgau. Found him primarily interested in promoting Works Progress Administration program to do greatest possible good for needy at least possible expense. I strongly urge you support Christgau for present position.

A. D. CRISSEY.

OLIVIA, MINN., May 27, 1938.

Hon. HENRIK SHIPSTEAD,

Senate Building, Washington, D. C.:

Would like your support for Victor Christgau.

G. W. WINDHORST.

BEMIDJI, MINN., May 24, 1938.

Senator SHIPSTEAD,

Washington, D. C.:

Keep Christgau on the job. Don't let dirty politics oust the best man. Keep the grafters off that one job.

VILLAGE COUNCIL, VILLAGE OF SOLWAY, MINN.
MARTIN SORENSON,
S. M. FERRELL,
JULIUS MATHIASON,
C. W. FREDERICKSON, Clerk.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Urge retaining Christgau. Ouster movement strictly political. Christgau is impartial.

FRANCES PLOURD.

WABASHA, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,

Senate Building:

The Board of County Commissioners of Wabasha County respectfully request your continued support of Victor Christgau as State administrator for Works Progress Administration.

JOSEPH RYAN,
Chairman, Wabasha County Board.

SPRINGFIELD, MINN., May 26, 1938.

HENRIK SHIPSTEAD,

Senate, Washington, D. C.:

We feel that the criticism leveled at Victor Christgau is unjustified. Facts distorted to create wrong impressions. We found him fair, honest, and just in his dealings with us and the workers, and urge his retention as Works Progress Administration administrator as of greatest benefit to Minnesota.

SWIMMING POOL COMMITTEE,
R. J. MUELLER, Chairman,
GEO. MIESEN, Secretary.

STEWART, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,

Senate Building, Washington, D. C.:

We urge your active support be given Victor Christgau against his removal as State administrator of Works Progress Administration.

H. E. PROEHL, Mayor.
P. L. SCHMITZ, Clerk, School Board.

BEMIDJI, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Please use your influence to retain Victor Christgau State administrator. We are pleased with the way in which he has handled Works Progress Administration.

J. W. SMITH,
Superintendent of Schools.

EXCELSIOR, MINN., May 26, 1938.

HENRIK SHIPSTEAD,

Senator, Washington, D. C.:

It is the desire of this association to have Victor Christgau remain as Works Progress Administration administrator for Minnesota in view of the fact that he has exercised such good judgment in handling matters pertaining to his work. We would appreciate your cooperation in his behalf.

O. J. GRATHWOL,
President, Civic and Commerce Association.

CALLAWAY, MINN., May 25, 1938.

HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

We heartily approve Mr. Christgau's program.

SCHOOL DISTRICT No. 96.

HIBBING, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

The Hibbing Chamber of Commerce favors the retention of Christgau as an efficient and impartial administrator, and we request that you give your full support in holding him in present position.

HIBBING CHAMBER OF COMMERCE,
CON KEPPEL, President.

HIBBING, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Would appreciate your efforts to retain Christgau.

Mrs. J. H. ROUGH.

ROCHESTER, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

We most earnestly ask that you use every influence to insure that Victor Christgau be retained as Works Progress Administration administrator for Minnesota in view of his efficient and impartial administration.

ROCHESTER CHAMBER OF COMMERCE,
ERWIN L. BRIESE, Executive Secretary.

CROOKSTON, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

Would appreciate your consideration in retaining Christgau as administrator.

S. S. DANIELS,

President, Crookston Association Public Affairs.

REDWING, MINN., May 22, 1938.

Hon. HENRIK SHIPSTEAD, Senator,

Washington, D. C.:

I am heartily in favor of retaining Hon. Victor Christgau, administrator of Works Progress Administration for his fair dealings and executive ability in all W. P. A. projects with us in Redwing and sincerely hope he may be retained in his present capacity as administrator of W. P. A. in Minnesota.

Yours sincerely,

JOHN G. KAPPEL, Mayor.

AITKIN, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

We urgently request you to ask Federal Administrator Hopkins to retain Victor Christgau as State Works Progress administrator.

HARRY C. MÖLGEN,

Commander, Post 86, American Legion.

LESUEUR, MINN., May 25, 1938.

Hon. H. SHIPSTEAD,

Washington, D. C.:

We, the following service men and members of American Legion, oppose the removal of Victor Christgau and ask for his retention.

Louis Bachmen, E. W. Ipsen, W. H. Schwartz, A. Schwab, Joe Schwab, Ralph Bauleke, Ivan Nelson, L. Viehman, L. Durrenberger, S. R. Johnson, John Peterson, Joe Rudin, L. Mollenhauer, C. Frank.

SWANVILLE, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD:

Urgently request Christgau be retained State Works Progress administrator.

UPSALA LEGION POST.

SWANVILLE, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD:

Christgau administration beyond improvement. Urge he be retained.

SWANVILLE AMERICAN LEGION.

ELY, MINN., May 26, 1938.

HENRIK SHIPSTEAD:

Urge you expend every effort retain Victor Christgau present capacity Works Progress administrator, State of Minnesota. Success of program in Minnesota due to his capable and efficient work in past.

ST. LOUIS COUNTY CLUB AND FARM BUREAU,
JOSEPH VERANTH, President.

ELKTON, MINN., May 24, 1938.

Hon. Senator HENRIK SHIPSTEAD,

Senate Chamber:

Don't let the St. Paul gang get Christgau. It's nothing but politics. Christgau is able, fair, sincere, and impartial.

J. F. SCHNEIDER,

Mower County Representative,
Democratic State Central Committee.

ST. PAUL, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senate:

I wish to express the most sincere endorsement of Victor Christgau as administrator of Works Progress Administration for Minnesota.

GEORGE W. SNYDER,

Grand Chef de Gare, Forty and Eight, State of Minnesota.

VIRGINIA, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD:

Your constituents insist Victor Christgau must not be removed.

A. P. ROMER,

Secretary, Catholic Men's Club.

VIRGINIA, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD:

We implore you to do all in your power to retain Victor Christgau.

A. P. ROMER,
Knights of Columbus.

DULUTH, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

The Minnesota Italian-American Clubs are completely satisfied with the efficient nonpolitical manner that Victor Christgau has run the Minnesota W. P. A. We want Christgau retained.

L. J. SIGNORELLI,

Secretary, Minnesota Italian-American Clubs.

MINNEAPOLIS, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Retention Victor Christgau, State administrator, desired by this post.

R. L. SALISBURY,

Commander, Preston Crichton Post, American Legion.

FAIRBAULT, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

Resist any effort to remove Victor Christgau as State director of Works Progress Administration.

JACK DUSEK,

Commander, Fairbault Post, American Legion.

THIEF RIVER FALLS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Director of Pennington County Agricultural Society definitely opposed to attempts to take relief administration out of Christgau's hands in this State. His work is definitely satisfactory and any change will not be in the interests of efficiency or economy. We ask you to support Christgau.

S. E. Hunt, president; Hans Anton, vice president; E. O. Peterson, treasurer; Robert J. Lund, secretary; William E. Dahlquist, C. G. Hillard, Oscar C. Paulson, Harry C. Woolson, R. J. Mc Kerchen, Harry R. Lund, directors.

MOORHEAD, MINN., May 24, 1938.

Senator SHIPSTEAD:

Endorsing Victor Christgau for retention his present office.

JOHN T. LAMB,

Democratic Chairman, Clay County.

MINNESOTA LAKE, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

Reading the press I find our honorable Governor of the State of Minnesota is again trying to oust Victor Christgau as State Works Progress Administration relief administrator, this time employing the help of United States Senator ERNEST LUNDEEN. I desire to inform you that at the last annual convention of the State Association of County Commissioners of Minnesota at the West Hotel, Minneapolis, Minn., February 24 and 25, 1938, a resolution was presented by the committee on resolutions endorsing Victor Christgau's services as Works Progress Administration relief administrator, which was unanimously passed with over 400 commissioner delegates present and voting with every county in the State represented. We believe that Victor Christgau is not playing politics and is wrongfully accused and we feel that he has been fair to all counties in trying to assist and cooperate with the county commissioners in every way possible within his power and we admire his courage to stand up for what is right and give a square deal to all the people of the State of Minnesota without fear or favor to any particular group. It would be a great mistake to oust a man who is doing an unbiased civil-service job of his office on merely unfounded political-gossip propaganda. Please give this your sincere consideration and investigate beyond the smokescreen and demand that his accusers give some concrete reasons why he should be ousted. The county commissioners of the State of Minnesota desire that Victor Christgau be maintained in his present position.

W. C. MINKS,

Secretary and Manager, State Association
of County Commissioners of Minnesota.

CANNON FALLS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building:

We recommend that Victor Christgau, State relief administrator, remain. Pleased with his administration.

CITY COUNCIL AND COMMERCIAL CLUB,
City of Cannon Falls.

BEMIDJI, MINN., May 24, 1938.

Senator SHIPSTEAD,

Washington, D. C.:

Beltrami County Farm Bureau Association strongly favors Mr. Christgau as State Works Progress Administration administrator.

He is an efficient and tireless worker; has used good judgment in approving and supervising the many Works Progress Administration projects in Minnesota.

BELTRAMI COUNTY FARM BUREAU ASSOCIATION,
CHRIST LARSON, Secretary.

CARLTON, MINN., May 25, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

I believe that the Minnesota Works Progress Administration would be handicapped tremendously by any drastic change and therefore I hope you will continue to support Victor Christgau, present administrator.

G. W. COMSTOCK,
County Chairman Carlton County.

DETROIT LAKES, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

I urge the retention of Victor Christgau as Minnesota Works Progress Administration administrator. He is doing an excellent job.

A. P. HURLES,
Democratic County Committeeman.

SLAYTON, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD:

Christgau considered eminently fair here. Please retain him.
I. H. ECHORN,
1936 Chairman, Roosevelt Benson Committee.

SLAYTON, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD:

Keep politics out of Works Progress Administration. Keep Christgau on the job.

HAROLD E. HOOK,
Treasurer, Murray County Democratic Committee.

INTERNATIONAL FALLS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
United States Senate Building:

We the members of the Democratic Committee of the County of Koochiching reaffirm our confidence in the integrity and ability of Victor L. Christgau, State administrator of Works Progress Administration, and endorse his administration in that office and respectfully request that he be retained in his present position as such administrator.

D. J. MCCARTHY,
Chairman, Democratic County Committee.

GONVICK, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
Senator:

Victor Christgau, Minnesota administrator, has done his work efficiently and impartially. Urge his retention.
CLEARWATER COUNTY DEMOCRATIC COMMITTEE.

DULUTH, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

Public opinion is aroused over inspired commerce attack on Victor Christgau. Any yielding on the part of the administration means the loss of public support for Federal public works. Urge that you investigate sabotage of W. P. A. by the Workers' Alliance of Minnesota. The administration is in reverse and has the wrong man on the pan.

Sincerely,

HENRY L. MORIN.

FARIBAULT, MINN., May 24, 1938.

SENATOR HENRIK SHIPSTEAD: The census of opinion here is that Christgau is doing a good job.

C. J. HUNT,
Faribault Daily News.

HUTCHINSON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Building:

Christgau and local district supervisors are very satisfactory. We oppose his removal.

HUTCHINSON MUNICIPAL LIGHT COMMISSION.

JACKSON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building:

Please use effort to retain Christgau. Efficient administrator, Works Progress Administration.

JOHN L. KING.

BIWABIK, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

We strongly protest the removal of Victor Christgau, Works Progress Administration administrator from Minnesota.

HENRY ROBINSON,
Clerk, Village Council.

CROSBY, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
Washington, D. C.:

Should keep Mr. Christgau. Work satisfactory, efficient.

JOHN P. HAWKINSON,
Village President.

GRAND RAPIDS, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:

We, the village council of Grand Rapids, urge that Victor Christgau be retained as State administrator of works program in Minnesota. We have always received his sincere cooperation.

GEORGE ARSCOTT,
Mayor, Village Council.

DEERWOOD, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

Please do not let designing Minnesota politicians influence against Christgau.

ARNOLD NEWSTROM, Village Clerk.

WATSON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

Minnesota Works Progress administrator Victor Christgau has done a most excellent job and deserves your support.

MAGNUS JOHNSON,
Editor, The Watson Voice.

SWANVILLE, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

Village Council of Swanville strongly protest any action unfavorable to Victor Christgau, State administrator, Works Progress Administration.

VILLAGE COUNCIL,
Per EDWIN M. J. SIMONS, Mayor.

DULUTH, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senator, Senate Office Building:

The Minnesota Arrowhead Association representing 40 communities in northeastern Minnesota hopes that nothing will occur to change our present Works Progress Administration director. Victor Christgau has given eminent satisfaction to all concerned. Please advise.

S. VALENTINE SAXBY,
Executive Secretary, Minnesota Arrowhead Association.

ELY, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senator from Minnesota:

The City Council of Ely vigorously protests the movement now under way to remove Victor Christgau as State Works Progress administrator. Christgau is fair, capable, and sincere and we urge his retainment.

JACK PESHEL, Mayor.

HUTCHINSON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Building:

Request strongly uphold Victor Christgau as Works Progress Administration administrator. Has done a fine job for our city.

GRANT W. DWINNELL, Mayor.

TWO HARBORS, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senate:

Lake County considers Christgau fair and efficient, urge his retention.

W. O. LOMASNEY,
Chairman, Lake County Board of Commissioners.

McKINLEY, MINN., May 24, 1938.

HENRIK SHIPSTEAD:

Protesting the removal of Victor Christgau, Works Progress administrator.

JAKE BATULA, Mayor.

HUTCHINSON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Building:

Hutchinson Park Board has cooperated to the limit with Christgau; his cooperation has been the same; request he be retained.

J. H. BURNS.

BIRD ISLAND, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Building:
Uphold Victor Christgau; done a fine job.

VILLAGE COUNCIL,
Bird Island, Minn.

—
LIVERNE, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building:
I respectfully ask you do all you can to retain Victor Christgau in his office as Works Progress administrator in Minnesota. As public official in my city I know he has been most helpful and cooperative in his relations with relief and public officials. Political jealousy and maneuvering seem back present effort for his removal. Our citizens in Luverne appreciate his helpful administration of his office and want his retention to complete his work.

WILLIAM MITCHELL,
Mayor, City of Luverne, Minn.

—
MINNEAPOLIS, MINN., May 27, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:
We urge your support of Copeland amendment to public works relief bill earmarking funds for river and harbor and flood control.

HENRY BANK,
President, City Council.
E. I. HUDSON,
Chairman, Harbors Committee.
F. T. PAUL,
City Engineer.

—
MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:
Suggest you request investigation of Benson-sponsored Works Progress Administration projects, including Robbinsdale-St. Cloud granite project in which Kinzer Benson's running mate for Lieutenant Governor is involved; the Moorhead Teachers College project and motives behind Benson's weed-eradication projects. Department of investigation will show motives behind these projects same as present attempt to unseat Minnesota director Works Progress Administration.

JOHN CROWLEY.

—
MOORHEAD, MINN., May 24, 1938.

Hon. SENATOR SHIPSTEAD,
Washington, D. C.:
Realizing the difficulties of administering the policies of Works Progress Administration, I wish to compliment the Public Works Administration for its comprehensive program, especially in this part of Minnesota where the relief problem has been and is so acute. We hope the good work will continue.

Father LAMBERT WECKWERTH.

—
MINNEAPOLIS, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:
Christgau has rendered us excellent service and has kept politics out of his department. He should certainly be retained as administrator.

HORATIO P. VANCELE.

—
ST. CLOUD, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
I want to commend you for the stand you have taken in defense of Victor Christgau. Believe he is doing good work under trying circumstances. Hope you win.

PHIL COLLIGNON, Mayor.

—
MINNEAPOLIS, MINN., May 23, 1938.

HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:
Speaking as an individual of considerable experience with Works Progress Administration work in Minneapolis, I endorse Victor Christgau as State administrator. Christgau has a clean record and should be retained. Please do what you can to keep this capable and honest man in his present position.

ALDERMAN A. B. FRUEN.

—
FERGUS FALLS, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:
We urge the retention of Victor Christgau. His efficiency, honesty, and industry have been outstanding.

PHILIP R. MONSON,
Mayor.
CLAUD ELLIOT,
County Commissioner.
CYRUS WRIGHT,
President, Civil Commerce Association.

BAUDETTE, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:
The Baudette Chamber of Commerce wishes to say to you that they are not in favor of the recent agitation for the removal of Victor Christgau, Minnesota Works Progress Administration administrator. We feel that Mr. Christgau is the proper man for this position, as has been demonstrated by his handling of this position.

DR. E. A. ONSTEAD,
President, Baudette Chamber of Commerce.

—
ALEXANDRIA, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Chamber, Washington, D. C.:
We think Mr. Christgau is very fair in his work as Works Progress Administration administrator in Minnesota. Will you kindly do all in your power to keep him in this office.

VILLAGE COUNCIL, Osakis, Minn.

—
ADRIAN, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:
We request you to support Christgau for Works Progress Administration administrator.

B. H. SASSON, Mayor.
F. J. FORKENBROCK,
Recorder.

EMIL R. SELL,
Treasurer, School Board.
FRANK J. SELL,
State Senator.

—
DULUTH, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senator:
Cannot understand agitation for removal of Victor Christgau. Has done outstanding job as Works Progress Administration administrator. Projects in Duluth and district have been most ably handled. Please use your good offices in support of Mr. Christgau.

L. G. CASTLE,
President, Duluth Chamber of Commerce.

—
PEQUOT, MINN., May 24, 1938.

Honorable Senator HENRIK SHIPSTEAD:
Well pleased with Christgau. Glad to support him.

VILLAGE OF PEQUOT,
Pequot Commercial Club.

—
LYLE, MINN., May 24, 1938.

Senator SHIPSTEAD,
Senate Office Building:
School board here urge that you work to retain Christgau as Works Progress Administration administrator.

H. E. LERUD, President.

—
DETROIT LAKES, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD:
I urge that you retain Victor Christgau as Works Progress Administration administrator for Minnesota.

ALDEN PEARSON,
Mayor, City of Detroit Lakes.

—
WINTHROP, MINN., May 24, 1938.

Senator SHIPSTEAD,
Senate Building:
Strongly uphold Christgau. He has done a good job.

LOUIS NEESSEN, Mayor.

—
AUSTIN, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senate:
We respectfully request and urge that Victor Christgau be not dismissed as Works Progress Administration director for Minnesota. The trumped-up charges against him are inspired by political animus. His administration has been fair and impartial. Neither Christgau nor any of his staff have ever brought political pressure in connection with projects or employment. Recently Austin school board took a tour to look over Works Progress Administration projects and were convinced that money was well spent and projects purposeful. Dismissal of Christgau would be blow to ability and honesty in government. We believe Christgau should be supported 100 percent.

AUSTIN SCHOOL BOARD,
S. T. NEVELN, Superintendent.

—
OLIVIA, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
Senate Building:
Retain Victor Christgau; his record demands it.

E. J. KUBESH, Mayor.

VIRGINIA, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
United States Senator:

Mr. Christgau is a very capable administrator.

CITY OF VIRGINIA,
OSCAR TAMTE, Mayor.

MINNEAPOLIS, MINN., May 21, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:

Hennepin County Workers' Alliance condemns your action supporting Christgau proven discriminatory to organized labor. Urge replacement of Christgau by progressive Farmer-Laborite. Support LUNDEEN.

GERTRUDE FREDERICKSON, Secretary.
MILTON McLAIN, Chairman.

MINNEAPOLIS, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

Request your cooperation. Retain Christgau as W. P. A. director. His fairness and ability much appreciated.

W. A. HOPPE, Alderman.

ST. PAUL, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:

Victor Christgau has done good job as Minnesota State director of W. P. A. In my opinion he should not be replaced.

GEORGE M. SHEPARD.

MINNEAPOLIS, MINN., May 23, 1938.

Hon. HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

Playing politics with human misery and work relief is abhorrible. We want Victor Christgau Minnesota administrator. He has done a good job.

JOHN MARSHALL HIGH SCHOOL,
Mrs. M. H. BERGREN, President.

AITKIN, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

As sponsors to W. P. A. activities we are satisfied with Victor Christgau and wish him retained as W. P. A. administrator in Minnesota. We are not in sympathy with his detractors.

D. R. SAVAGE, County Engineer.

FARIBAULT, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:

Resist all efforts to remove Victor Christgau as State director of W. P. A. for Minnesota.

COUNCIL OF CITY OF FARIBAULT, MINN.,
HADLEY P. BELL, Mayor.

ALBERT LEA, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
Washington, D. C.:

As city manager I have closely observed W. P. A. projects in this area and I wholeheartedly commend Victor Christgau as State administrator.

R. L. VANNOCKER, City Manager.

MOOSE LAKE, MINN., May 24, 1938.

Senator H. SHIPSTEAD:

We protest the move on foot by certain parties to oust Christgau as we believe he has handled W. P. A. in a very able and efficient manner.

A. J. WENTE, Mayor.

EVELETH, MINN., May 24, 1938.

HENRIK SHIPSTEAD:

The council of the city of Eveleth, Minn., has had several occasions to deal directly with Victor Christgau on Works Progress Administration matters and have found him to be fair and impartial. The undersigned urge that Victor Christgau be retained as State Works Progress Administration director.

HERBERT WOOLCOCK, Mayor.
JOHN AHO,
PETER SHOULND,
FRED RUDMAN,
LOUIS LESSAR, Councilmen.
ARTHUR RYE, City Clerk.

FAIRFAX, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
Senate Building:

Please retain Victor Christgau as administrator for Minnesota.

VILLAGE COUNCIL.

BAUDETTE, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:

Baudette village officials urge retention of Victor Christgau as State Works Progress administrator, and object strenuously to his proposed removal. We know him to be capable and efficient and the State can ill afford to remove him from office in these troublesome times. We cannot endorse him too highly the way he has handled the works program in the State.

C. H. DODDS, Mayor.

FERGUS FALLS, MINN., May 24, 1938.

Senator SHIPSTEAD,
Washington, D. C.:

We wish Victor Christgau to be retained as Works Progress administrator for Minnesota.

DONALD COLE,
Mayor, Pelican Rapids, Minn.

ST. CLOUD, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:

We have always found Victor Christgau fair and honest in all his dealings and believe it is vitally important that he be continued as Works Progress administrator for Minnesota.

ANTON W. TRAUT,
Chairman of Stearns County Commission.

TWIN VALLEY, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
Washington, D. C.:

We want Victor Christgau as State W. P. A. director. Think he is very good man for the position; doing excellent directing work.

VILLAGE COUNCIL OF TWIN VALLEY, MINN.,
M. R. DURLING, Mayor.

BEMIDJI, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:

Relations of city with Victor Christgau extremely satisfactory, and large number projects completed without difficulties. Feel his removal at this time would be serious mistake.

EARL W. BUCKLEN, Mayor.

EXCELSIOR, MINN., May 25, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:

We in Carver County are interested in seeing Victor Christgau retained as W. P. A. administrator for Minnesota. Please use your efforts toward that end.

CARVER COUNTY CIVIC LEAGUE,
E. F. KELM, Chairman.

RED WING, MINN., May 25, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:

The removal of Hon. Victor Christgau would be detrimental to the welfare and interest of Minnesota. He has rendered excellent service under the most trying circumstances. I urge his retention.

DR. GEO. W. DIEPENBROCK,
Vice Chairman of Goodhue County Welfare Board.

MINNEAPOLIS, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:

Northwest Coin Club want justice to prevail. Keep politics out and Christgau in, so we can keep our faith in you.

DR. D. E. WARD.

CROOKSTON, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senate:

Crookston very satisfied with Administrator Victor Christgau and recommend retention.

W. J. KIRKWOOD,
Mayor, City of Crookston.

CHISHOLM, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building:

Fine record Victor Christgau merits retaining him as State administrator.

Mrs. MATHILDA LAFRANCE.

WINDOM, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senate:

We greatly favor the retention of Victor Christgau as State administrator of Works Progress Administration.

PAUL J. GILLAM,
Mayor, City of Windom.

MAZEPPA, MINN., May 26, 1938.
 Senator H. SHIPSTEAD,
Senate Building:
 Please use influence to keep Victor Christgau State Works Progress administrator.

W. A. GREGOIRE,
President, Village Council.

ST. PAUL, MINN., May 27, 1938.
 Hon. HENRIK SHIPSTEAD:
 Strongly support you in opposing removal of Christgau.
 Mrs. M. HARRIS, 791 Holton.

ADA, MINN., May 26, 1938.
 United States Senator HENRIK SHIPSTEAD,
Washington, D. C.:
 It has come to our attention that there is a movement under way to dismiss Victor Christgau, Works Progress Administration administrator of Minnesota. We are taking this method to inform you that we are opposed to this movement and request that he be retained in his present capacity.

NORMAN COUNTY BOARD OF COMMISSIONERS.

SWANVILLE, MINN., May 26, 1938.
 Senator HENRIK SHIPSTEAD,
Washington, D. C.:
 Protest strongly removal Victor Christgau. No replacement as satisfactory.

UPSALA VILLAGE COUNCIL.

COLERAINE, MINN., May 26, 1938.
 HENRIK SHIPSTEAD,
Washington, D. C.:
 We have enjoyed our contact with Victor Christgau and his staff. We feel the set-up has been a credit to Minnesota and that he should be retained.

Mrs. ROSS COMSTOCK,
President, Coleraine Bovey Nursery School and Mothers Club.

WHITEBEAR, MINN., May 24, 1938.
 Senator SHIPSTEAD,
Washington, D. C.:
 Urge the retention of Christgau. He has always cooperated with our city.

W. HOLZHEID, *City Manager.*

LUVERNE, MINN., May 24, 1938.
 Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:
 Many of the members of this club have the opportunity to come in touch with good work done in past by State Administrator Victor Christgau, and therefore we urge upon you to do all you can to keep him in his present office so that work to be done in the future will be carried on as well as it has been done in the past.

LUVERNE COMMERCIAL CLUB,
 FRANK F. MICHAEL, *President.*

ST. PAUL, MINN., May 24, 1938.
 HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:
 Experience with Christgau proves him competent. Please protest his removal.

COMMISSIONER FRED M. TRUAX.

WHEATON, MINN., May 25, 1938.
 HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:
 We approve work of Victor Christgau. Urge he be retained.

VILLAGE COUNCIL,
 M. J. FRIDGEN, *Clerk.*

SPRINGFIELD, MINN., May 25, 1938.
 Hon. HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:
 It appears that unwarranted criticism has been heaped on Victor Christgau, and misstatements of facts have been made concerning his work as State administrator. Every courtesy and consideration has been given to this city in work done by the State administrator. We feel these criticisms are unwarranted and unjustified. We urge that you use best efforts to retain Victor Christgau in his present position.

AUGUST NEIMANN, *Mayor.*
 ALEXANDER SEIFERT, *City Attorney.*

MINNEAPOLIS, MINN., May 25, 1938.
 Senator HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:
 Heartily endorse Mr. Christgau. His honesty and integrity are outstanding.

DR. O. A. KIBBEE.

MINNEAPOLIS, MINN., May 25, 1938.
 Senator HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:
 Heartily endorse Mr. Christgau. His honesty and integrity are outstanding.

DOROTHY HAMILTON.

EXCELSIOR, MINN., May 26, 1938.
 Hon. HENRIK SHIPSTEAD,
Senator, Washington, D. C.:
 By all means keep Minnesota's Works Progress administrator, Victor Christgau, on the job. Doing fine work here. All Excelsior is for him. Criticism unfounded.

ELMER E. BARDWELL,
Mayor of Excelsior.

ALBERT LEA, MINN., May 25, 1938.
 Hon. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:
 Keep Victor Christgau on the job in Minnesota.
 C. A. STENSrud, *Chairman.*
 EDWARD FRETHEIM,
 JOHN G. JOHNSON,
 O. W. HANSEN,
Commissioners, Freeborn County.

STAPLES, MINN., May 25, 1938.
 Hon. HENRIK SHIPSTEAD:
 Noting controversy over Victor Christgau, the City Council of City of Staples passed a resolution urging his retention, as he has treated us fairly, inspected our projects, and given us good service.
 B. C. BARRETT, *City Clerk.*

MINNEAPOLIS, MINN., May 25, 1938.
 Senator SHIPSTEAD,
United States Senate, Washington, D. C.:
 Heartily endorse Mr. Christgau. His honesty and integrity is outstanding.

DON BERANT.
 CLARK CARTER.
 DANIL FOWLE.
 JOHN CUSICK.
 FOREST L. SMITH.

REDWING, MINN., May 25, 1938.
 Hon. HENRIK SHIPSTEAD,
Washington, D. C.:
 Back Mr. Victor Christgau 100 percent. We believe him a good man for the position. We urge his retention.
 HENRY SATHRUM,
Goodhue County Board of Commissioners.

PARKERS PRAIRIE, MINN., May 24, 1938.
 Hon. HENRIK SHIPSTEAD,
Washington, D. C.:
 I believe in the best interest of us all that Victor Christgau be retained as Works Progress administrator for Minnesota.
 HANS SCHRADER, *Mayor.*

REMER, MINN., May 25, 1938.
 Hon. HENRIK SHIPSTEAD,
Senate Chamber:
 The works program as carried out in this section by Victor Christgau has been very satisfactory. Hope that you will do all in your power to see that he remains as works director in Minnesota.

B. M. SORUM, *Mayor.*

BROWERVILLE, MINN., May 25, 1938.
 Hon. HENRIK SHIPSTEAD:
 As sponsors of relief work we favor Christgau. Retain him.
 BROWERVILLE VILLAGE COUNCIL,
 E. J. WOELL, *Mayor.*

LONG PRAIRIE, MINN., May 25, 1938.
 Hon. HENRIK SHIPSTEAD,
Senator:
 We are against the removal of Victor Christgau, State administrator.

VILLAGE OF LONG PRAIRIE,
 R. E. BEACH, *Recorder.*

THIEF RIVER FALLS, MINN., May 25, 1938.
 Senator HENRIK SHIPSTEAD:
 Pennington County Board requests that Victor Christgau remain as Works Progress administrator in Minnesota.
 PAUL ROY, *Chairman.*

PINE CITY, MINN., May 25, 1938.
 Hon. HENRIK SHIPSTEAD:
 We feel that the present Works Progress Administration under Victor Christgau is very efficient and would not like to see any change.
 JAMES E. SULLIVAN, *Mayor.*

MAHONOMEN, MINN., May 25, 1938.

HON. HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

We are satisfied with Victor Christgau's administration of Works Progress Administration, Mahnomen County Board of Commissioners.

JOHN J. SPAETH, *County Auditor.*

HENNING, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

We oppose any change in W. P. A. administrator in Minnesota. Our village and neighboring communities favor retention of Victor Christgau as State commissioner.

VILLAGE OF HENNING,
HENRY HOLMGREN, *Mayor.*

COLERAINE, MINN., May 24, 1938.

HON. SENATOR SHIPSTEAD of Minnesota,

Washington, D. C.

DEAR SENATOR: The village council of Coleraine urges you to use your influence in retaining Victor Christgau as State relief administrator. We believe he is efficient and fair.

COLERAINE VILLAGE COUNCIL,
J. E. MCCARTHY, *Mayor.*

BERTHA, MINN., May 24, 1938.

THE HONORABLE HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

We are opposed to the removal of Victor Christgau as Works Progress Administration director.

VILLAGE COUNCIL OF BERTHA.

FISHER, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,

Washington, D. C.:

We wish to have Victor Christgau retained as Works Progress administrator of Minnesota. He is well qualified for this work.

THE VILLAGE COUNCIL,
A. V. JENSEN, *Mayor.*

DALTON, MINN., May 24, 1938.

SENATOR HENRIK SHIPSTEAD,

Washington, D. C.:

We would like to see Victor Christgau be retained as State works-progress administrator, and ask that you do all in your power to prevent him from being ousted.

BOARD OF EDUCATION, DISTRICT 8,
A. L. HANSON, *Chairman.*
DALTON VILLAGE COUNCIL,
HERBERT WEIBY, *President.*

SPRING GROVE, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,

Washington, D. C.:

The undersigned hereby protest the contemplated removal of our State works-progress administrator, Victor Christgau. Mr. Christgau, in our opinion, has cooperated for our interest in very able capacity. Trusting that your influence will retain Mr. Christgau in his present capacity.

SPRING GROVE COMMERCIAL CLUB.

RED LAKE FALLS, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

For his fairness, administrative ability, and record of achievements we request that Victor Christgau be retained as Minnesota works-progress administrator.

FRANK P. GRENIER,
Chairman of Red Lake County Board of Commissioners.

RED LAKE FALLS, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

Because of his outstanding work as Works Progress administrator for Minnesota, we humbly ask that you use your influence to maintain Victor Christgau as State administrator.

Dr. J. A. ROY.

LITTLE FALLS, MINN., May 25, 1938.

HON. HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

The village council of Pierz, as sponsor of Works Progress Administration projects, strongly supports Mr. Christgau.

MAYOR F. X. VIRNIG.

INTERNATIONAL FALLS, MINN., May 25, 1938.

SENATOR HENRIK SHIPSTEAD,

United States Senate Building, Washington, D. C.:

In behalf of the Koochiching County board I wish to express every confidence and entire approval of the Works Progress Admin-

istration program in this State as administered by Victor L. Christgau, State administrator, Works Progress Administration, and strongly urge his continuance in the office in that capacity.

K. W. MORRIS,
Chairman, County Board.

CROOKSTON, MINN., May 24, 1938.

SENATOR HENRIK SHIPSTEAD,

Washington, D. C.:

This board in regular session feels that W. P. A. affairs have been efficiently handled by Mr. Christgau. We request that he be continued in office.

THE COUNTY BOARD OF POLK COUNTY,
ADOLPH J. SKYBERG, *Chairman.*

LENGBY, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,

Member of Congress, Washington, D. C.:

Understand movement started to remove Victor Christgau as State works-progress administrator. We urge that you do all in your power to retain him in his present post. We feel that he is well qualified and serves to the best interests of all concerned.

COUNCIL, VILLAGE OF LENGBY,
By KNUTE RINGSTAD, *Recorder.*

HILL CITY, MINN., May 24, 1938.

HON. SENATOR HENRIK SHIPSTEAD,

Washington, D. C.:

We, the undersigned, are very much opposed to the removal of Victor Christgau, Works Progress administrator.

Hill City Village Council; C. W. Beerbower, mayor; Hill City School Board; Hill City News; Schoen Pharmacy; and the Northland Telephone Exchange.

DEER RIVER, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,

Senator from Minnesota, Washington, D. C.:

Vigorously protest attempts remove Christgau. Do everything possible to prevent action.

VILLAGE COUNCIL,
H. E. WOLFE, *President.*

BRainerd, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,

United States Senator of Minnesota, Washington, D. C.:

We wish to add our testimonial regarding Victor Christgau, State administrator, Works Progress Administration. We have always found him to be capable and efficient in performing his duties, fair and just to all. We regard him highly as one who has done much for Brainerd.

J. F. CIBUZAR,
President, Brainerd Chamber of Commerce.

BROWNS VALLEY, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

Senator, Washington, D. C.:

The Browns Valley Council is 100 percent for Christgau.

ROY MILLER, *Mayor.*

CHISHOLM, MINN., May 25, 1938.

SENATOR HENRIK SHIPSTEAD,

Washington, D. C.:

Chisholm has no criticism against Victor Christgau as State administrator. Our dealings have been fair, equitable, and they cooperated, and see no evidence of politics governing administration of the affairs of his office.

ED WHEELER,
Mayor, City of Chisholm.

AUSTIN, MINN., May 25, 1938.

HENRIK SHIPSTEAD,

Washington, D. C.:

Mr. Christgau should be retained in office because he has kept W. P. A. strictly nonpolitical in Minnesota. His handling of all projects in Austin was very efficient and satisfactory to both workers and sponsors during my administration as mayor.

H. J. MARCUSEN.

ST. JAMES, MINN., May 25, 1938.

HON. SENATOR HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

Knowing Victor Christgau to be efficient and fair from our association with him as administrator of adjustment programs, we protest his removal as W. P. A. administrator for Minnesota.

WATONWAN COUNTY AGRICULTURAL CONSERVATION ASSOCIATION,
HUBERT RANSOM, *Secretary.*
ROSS S. MURPHY,
Chairman, Watonwan County Agricultural Conservation Association.

ST. JAMES, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senator for Minnesota, Washington, D. C.:

We have worked with Mr. Christgau for several years. We know him to be efficient. We are for him 100 percent and any attempt to remove him as W. P. A. administrator in Minnesota will be vigorously protested.

N. L. ZENDER,

Chairman of the Watonwan County Welfare Board.

E. A. FEYDENLUND,

Chairman of the Watonwan County Board of Commissioners.

LITTLE FORK, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

United States Senate Building, Washington, D. C.:

In behalf of the citizens of Little Fork, I wish to express confidence in the conduct of the administrator of the work program in this State by Victor L. Christgau, State administrator of the W. P. A. in Minnesota, and urge that he be continued in office as State administrator.

E. J. REINARZ, Mayor.

JACKSON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

City favors retention Christgau, State administrator. Please help his behalf.

R. H. HUTCHINSON, Mayor.

TWO HARBORS, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senator from Minnesota:

It is our firm belief that Mr. Victor Christgau, State W. P. A. administrator for State of Minnesota, is discharging the duties of his office in a fair, impartial, and efficient manner, and we ask that he be retained in office.

M. H. BRICKLEY, Mayor.

CLOQUET, MINN., May 24, 1938.

United States Senator SHIPSTEAD,

United States Senate:

Present W. P. A. administration in Minnesota very satisfactory. CIVIC RECREATIONAL CENTER, F. L. REDFIELD, Director.

BRAINERD, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

Victor Christgau, Minnesota works-progress administrator, acceptable to all Crow Wing County, except a few disgruntled; proven ability, sound judgment, and courageous.

ARCHIE R. FALCONER,
President, Park Board Commission.

SPRING GROVE, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

We, the board of Wilmington township, protest against the removal of Victor Christgau, State works-progress administrator. He has cooperated with us very efficiently.

BOARD OF SUPERVISORS.

ADA, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Capitol, Washington, D. C.:

Please retain Victor Christgau in present position. He is absolutely right in every stand taken; should not be prosecuted for square and sensible dealing.

Respectfully,

S. E. OLSON,

Minnesota State Fair Board.

LE SUEUR, MINN., May 25, 1938.

Hon. HENRIK SHIPSTEAD,

Senator, Washington, D. C.:

The Le Sueur Commercial Club strenuously protest political ouster of Victor Christgau. His record stands for itself.

Ray N. Peterson, Vernan Baumann, W. W. O'Malley, Vernay Reindollar, Stuart Johnson, Rev. A. R. Harkness, H. Grant, R. Wishart, H. Start, H. G. Albrecht, Executive Board.

LE SUEUR, MINN., May 25, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

The Le Sueur City Council protest ouster of Victor Christgau. We believe he is doing his work well.

ED WIERWILL, Mayor,

NORRIS DISTEL,

WESLEY GLASS,

L. WIELAND,

GUST SINELL,

F. C. OSBORN,

Councilmen.

MINNEAPOLIS, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Press quotes you as wanting to keep politics out of relief. Only course open then is to retain Christgau.

Mrs. PRESTON DORSETT,

Secretary, Tuttle School Parent-Teachers Association.

GILBERT, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

The village council of the village of Gilbert protests against any action taken to remove Victor Christgau as State administrator of Works Progress Administration. We have found him to be an efficient, capable, and fair administrator and one who understands the relief needs of the State. Urge you to retain him because we feel that the best interests of the State are being served by his retention.

VILLAGE COUNCIL,

MIKE KOHLER, Mayor.

BUFFALO LAKE, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

Senate Building:

Renville County Board of Commissioners urges Victor Christgau be retained.

HENRY DOBERSTEIN,

Chairman, County Board.

JANESVILLE, MINN., May 24, 1938.

HENRIK SHIPSTEAD:

The Waseca County Board of Commissioners wish to prevail upon you to retain Victor Christgau as Minnesota works-progress administrator. He is an honest and competent public official and the above board heartily endorse Victor Christgau.

FRED ARNOLDT,

Chairman, Waseca Board of Commissioners.

UNDERWOOD, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

Realizing his excellent past work we urge that you use your influence to retain Victor Christgau as State works-progress administrator.

E. J. WAGNESS, President, Village Council.

Dr. C. J. LUND, President, Board of Education.

MOORHEAD, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building:

Victor Christgau has been responsible for honest work in this community, and it is our desire he be retained as State administrator.

JACOB F. KIEFER,

President, Moorhead Chamber of Commerce.

MOORHEAD, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building:

Attempt to remove Victor Christgau deplorable. He is entitled to and has wholehearted support of all fair-minded citizens this area because of honorable administration and very excellent record in completing permanently beneficial projects that have maintained self-respect of unemployed with honest work without any tinge of political connivance.

WAYNE PETERSON,

Publisher, Moorhead Daily News.

MAHNOMEN, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senate:

Well satisfied with Victor Christgau. Advise retaining him as State works-progress administrator.

VAL A. FRANTA,

President, Village Council.

ROCHESTER, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

The city of Rochester is pleased with the services of Victor Christgau in this district as Works Progress administrator.

W. A. MOORE, Mayor.

MARBLE, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

We hereby endorse Victor Christgau as Works Progress Administration administrator. His work in our community has been very satisfactory.

MARBLE PARENTS AND TEACHERS' ASSOCIATION,
Mrs. H. H. CAMERON, President.

ST. PAUL, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Please keep Victor Christgau Works Progress Administration administrator for Minnesota.

Senator LOUIS E. BERG.

COLERAINE, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Mr. Christgau has sponsored a number of educational projects in our school district, and we feel that he should be kept on in his present position.

Mrs. A. H. JOHANNUBER,
President, Coleraine Parent Teachers' Association.

WINDOM, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Victor Christgau, Works Progress administrator for Minnesota, is considered by us in southern Minnesota an efficient, honest administrator, and we ask that he be retained in his position.

Mrs. HELEN WARREN,
Chairman, Legislative Committee Community Club
and Member Legislative State B. P. W. Clubs.

BEMIDJI, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

If possible use your influence in retaining Victor Christgau as State works-progress administrator for the State of Minnesota.

BEMIDJI PARK BOARD.

BEMIDJI, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

We protest removal of Victor Christgau as Works Progress administrator for Minnesota.

BEMIDJI WHOLESALE CANDY CO.

DULUTH, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

A long and intimate acquaintance with Victor Christgau personally and officially justifies me in protesting his removal or censure on account of his administration of the Works Progress Administration in Minnesota. He is an honest, industrious, conscientious public official, and should be supported by his superiors as an assurance to other such officials that such conduct will not jeopardize their jobs.

BERT FESLER.

FERTILE, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Your influence in support of Mr. Victor Christgau as Works Progress administrator will be greatly appreciated.

O. I. HAUGEN,
Chairman, Village Council.

WHITEBEAR, MINN., May 24, 1938.

Senator SHIPSTEAD,

Washington, D. C.:

Urge the retention of Christgau. He has always cooperated with our city.

W. HOLZHEID, City Manager.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Chamber, Washington, D. C.:

Wish to protest earnestly against action to displace Christgau; believe him to be excellent administrator. Have had many Works Progress Administration projects in public library approved by him. Find him businesslike, intelligent, and interested when he believed a project worth while. He knows his job thoroughly and would be hard to replace.

GRATIA A. COUNTRYMAN.

AUSTIN, MINN., May 24, 1938.

Hon. Senator SHIPSTEAD,

Senate Office Building:

Sponsor relationship with Christgau fine; urge you retain him as State administrator.

THOMAS S. DUNLOP,
County Commissioner.

FOSTON, MINN., May 24, 1938.

Hon. Senator SHIPSTEAD:

We favor retaining Victor Christgau, administrator for Minnesota. He is capable and has used good judgment and has handled

situations efficiently. It is our opinion that he is honest and sincere and aims to do all justice.

E. H. CORMONTAN, President,
H. ALGAARD, Secretary,
Northwestern Minnesota Fair Association.

SHERBURN, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senate:

We urge that you use your influence to retain Victor Christgau as Works Progress administrator for Minnesota.

H. O. GEISE,
Mayor of Sherburn.

FARIBAULT, MINN., May 24, 1938.

Senator SHIPSTEAD:

Please use effort to retain Mr. Christgau as Minnesota works-progress administrator. Has given very efficient service and handled projects in this community on a high-class business basis.

FARIBAULT FAIR ASSOCIATION,
CARL HANSON, Secretary.

KELLIHER, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Christgau's work satisfactory with us every respect. No politics involved.

CHRIST EGGEN, Mayor,
Village Council.

TRACY, MINN., May 24, 1938.

Hon. H. SHIPSTEAD,

Senate Building:

We, the mayor and members of the Tracy City Council, strongly oppose the removal of Victor Christgau as State Works Progress Administration administrator.

ROBERT CHATTO, Mayor.
C. C. COOK, President of Council.
J. E. CAIN,
W. SHOEMAN,
M. MOEN,
AL. ZENDER, Aldermen.

ALEXANDRIA, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Strongly urge you use your influence on Hon. Harry Hopkins to retain Victor Christgau in present position. Citizens of this city feel that his work is very satisfactory and that he is a man of unimpeachable integrity.

Very truly yours,

A. D. HASKELL,
Mayor, City of Alexandria.

SLAYTON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Murray County Board of Commissioners have every confidence in Victor Christgau. Please support him.

GEORGE HAFNER, Chairman.

SLAYTON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Fight against Christgau unjust. We urge your support in his behalf.

SLAYTON VILLAGE COUNCIL,
By E. J. GUSTAFSON, Mayor.

GULLY, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Your efforts in retaining Victor Christgau as State Works Progress Administration administrator will be greatly appreciated by our entire community.

VILLAGE COUNCIL OF GULLY,
By OLE ROULAND, Mayor.

ELK RIVER, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Acting for Sherburne County board, I strongly recommend that you do everything possible in behalf of Victor Christgau and his retention as State administrator.

W. E. BROWN,
County Highway Engineer, Sherburne County.

BAUDETTE, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

The independent school district No. 111 of Baudette, in session today, of which I am clerk, have unanimously endorsed Victor

Christgau's handling of the Works Progress program, and would be very much disappointed and dissatisfied to hear of his removal. We sincerely feel that he has handled his work honestly and efficiently and that the recent criticism heaped upon him is entirely unjust and uncalled for.

H. C. HANSON,
Clerk, Independent School District, No. 111.

MORRIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
Heartily approve conduct Minnesota Works Progress Administration under Victor Christgau. Record of splendid cooperation and accomplishment in Starbuck. Urge retention Christgau.

HENRY NODLAND,
Mayor, Starbuck.

DONNELLY, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
According to press reports Victor Christgau is to be ousted as Works Progress administrator for Minnesota. We urgently request that you use your influence to have Mr. Christgau retained as head of the Works Progress Administration in this State.

F. J. ROTH, Mayor
(By order of the village council).

BROWNS VALLEY, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:
Browns Valley school board stands 100 percent for Christgau.
WM. JENSEN, President.

WACONIA, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,
United States Senate:
DEAR SENATOR: Christgau efficient W. P. A. director. Support him strongly.

GEO. ZAHLER,
Clerk of Independent School District 44,
Carver County, Waconia, Minn.
P. J. HAMRE,
Superintendent City Schools in School District 44,
Carver County, Waconia, Minn.

MCGREGOR, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD:
Please retain Christgau. Service satisfactory.
VERNON J. BACHELLER,
Trustee, Village of McGregor.

MOUNTAIN IRON, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
Senator:
We request your influence in retaining Victor Christgau Works Progress administrator in Minnesota.

C. F. FELGEN, Mayor.

GAYLORD, MINN., May 24, 1938.

SENATOR SHIPSTEAD,
Senate Building:
Kindly lend your support to Christgau, as he has done his work faithfully and well.

ALBERT LEHMAN, County Engineer.

RENVILLE, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Senate Building:
We are asking you to uphold Victor Christgau. He has done a fine job.

DR. THORSON,
Mayor, City of Renville.

ST. CLOUD, MINN., May 23, 1938.

HON. HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:
Sincerely hope you will continue to vigorously oppose Victor Christgau removal. His reputation here is above reproach and know your support of him is appreciated by the great majority of our citizens.

WILLIAM P. MURPHY, Lawyer.

ALBERT LEA, MINN., May 24, 1938.

Senator SHIPSTEAD,
Senate Office Building:
Relationship with Christgau fine. Urge his retention.
BOARD OF COUNTY COMMISSIONERS OF FREEBORN COUNTY.

HENDERSON, MINN., May 28, 1938.

HON. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:
We, the undersigned, urge you not to remove Mr. Victor J. Christgau from his present position.

FRED C. BENDER, Mayor.
G. A. BUCK, Publisher.
MARK V. DEMPSEY, Merchant.
EDWIN B. MAURER, Banker.
F. A. SCHULTZ, Merchant.
J. F. TRAXLER, M. D.
K. V. HENSLEY, Mortician.

MEADOWLANDS, MINN., May 28, 1938.

HON. HENRIK SHIPSTEAD,
Washington, D. C.:
Would appreciate your influence and effort toward retaining Victor Christgau as Works Progress administrator for the State of Minnesota. Due to his outstanding administration of W. P. A. affairs in this State, it would be a distinct loss to Minnesota if he were not retained.

J. ARTHUR JOHNSON,
St. Louis County Club and Farm Bureau Association.

DETROIT LAKES, MINN., May 29, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D. C.:
Please use your influence to retain Victor Christgau as Works Progress Administration chief of Minnesota. His administration has been honest and free from politics.

L. J. NORBY Co.

BAUDETTE, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:
Due to the fact we are acquainted with the splendid manner in which Victor Christgau has handled his position in the W. P. A., we, who represent a large group of farmers in Lake of the Woods County, are not in favor of any move to oust him.

AL ANDERSON,
President, The Carp Community Club.

EVELETH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
The removal of Victor Christgau, State W. P. A. administrator, will result in a keen loss to the State of Minnesota. We strongly oppose any attempt to remove him.

EVELETH DEMOCRATIC ASSOCIATION,
D. J. BALDI, Secretary.

GRAND RAPIDS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
Continue your determined stand for Christgau. Intimate and careful observation of his work shows his honesty and fearless integrity. Benson machine opposition childish and selfish.

J. L. McLEOD, Senator.

AURORA, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
We, the undersigned, protest the attempt to remove Victor Christgau as W. P. A. administrator of Minnesota, and hope you will do everything within your power to prevent removal.

TOWN OF WHITE,
ANTHONY SMOLICH, Chairman.
ADOLPH HAKALA, Clerk.
VILLAGE OF AURORA,
E. H. YARICK, President.
ANTHONY SMOLICH, Clerk.

WINDOM, MINN., May 26, 1938.

HON. HENRIK SHIPSTEAD,
Washington, D. C.:
For the good of the State keep Victor Christgau on the job.

D. L. KEITH.

WARROAD, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
Wish to protest removing Victor Christgau, W. P. A. administrator. Urge use all influence retain him in present position.

H. E. ERICKSON.

WARROAD, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
Wish to protest removing Victor Christgau, W. P. A. administrator. Urge use all influence retain him in present position.

J. W. WAMMER.

Senator SHIPSTEAD,
Washington, D. C.:
Strongly urge retention of Victor Christgau as Minnesota
W. P. A. administrator.

BEMIDJI COCO COLA CO.,
A. STEVENS.

St. CLOUD, MINN., May 23, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
You remember me as chairman of Ottertail Farm Labor Association for 8 years. For nearly 3 years I have been district supervisor of employment with Works Progress Administration. I know Christgau is fair to labor and to cooperative movement. He should be retained.

HANS R. MILLER.

St. JAMES, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
United States Senator from Minnesota, Washington, D. C.:
We are opposed to the removal of Victor Christgau as administrator of W. P. A. of Minnesota. We know him to be honest and efficient and a hard worker. We are behind him 100 percent. M. K. Hegstrom, president, Commercial Club; Albert Thompson, president, St. James Telephone Co.; C. A. Torkelson, president, St. James Farmers Cooperative Creamery; Edward C. Meier, superintendent, South Central Electric Association; Dr. E. J. Bratrude, mayor of St. James; S. T. Rudd, president, Watonwan Game and Fish Club.

BEMIDJI, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,
Washington, D. C.:
I would appreciate your supporting Christgau as State W. P. A. administrator.

F. W. LANGDON.

BEMIDJI, MINN., May 24, 1938.

Senator SHIPSTEAD,
Washington, D. C.:
Strongly urge retention of Victor Christgau as Minnesota Works Progress administrator.

Dr. E. H. MARCUM,
Dr. W. K. DENISON,
Dr. T. P. GROSCUPP,
C. W. VANDERSLUIS.

WATSON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
We protest Christgau removal; have always had the best cooperation.

WATSON BUSINESS MEN'S ASSOCIATION.

MADELLIA, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,
United States Senate:
We make vigorous protest against the removal of Victor Christgau as State administrator of Works Progress Administration for Minnesota. He is a good man in the right place. Madellia Civic Club, A. J. McLean, president; George S. Hage, Edward Noonan, Carl Hage, S. D. Noonan, H. C. Gunderson, D. J. Hale, J. J. Bill and Son, Olaf Larson, Chas. Seibert, Peter Viet, James Hardware Co., W. D. Hinchon, C. J. Manahan, Nels Nelson, Dr. H. B. Grimes, E. H. Sebo.

BEMIDJI, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:
We strongly protest the removal of Victor Christgau, State Works Progress administrator of Minnesota.

EUGENE WILLIAM GILL.

MINNEAPOLIS, MINN., May 25, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senator:
We wish to protest the removal of Mr. Christgau, State Works Progress administrator.

RED AND WHITE GROCERY,
HARRY QUARUM.

OGEMA, MINN., May 25, 1938.

Hon. HENRIK SHIPSTEAD,
Senator, Washington, D. C.:
Satisfied with Victor Christgau. Respectfully urge his retention.

THEO. S. GORNEY.

Hon. HENRIK SHIPSTEAD,
Senate Building, Washington, D. C.:
A large group of men wish to commend Victor Christgau for his efficient administration, his cooperation, honesty, and interests with all concerned has no equal.

A. F. BRANTON.

DULUTH, MINN., May 25, 1938.

Hon. HENRIK SHIPSTEAD,
Washington, D. C.:
Support you in opposing relief of Christgau.

AUGUST VIERGUTZ.

DULUTH, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,
Minnesota Senator, Washington, D. C.:
Please give all due consideration to retain in office Mr. Victor Christgau, Minnesota Works Progress administrator, who has conducted his office honestly and efficiently.

D. C. EAGLES.

St. CLOUD, MINN., May 25, 1938.

HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:
Your stand against ouster of Christgau deeply appreciated.

JAMES H. MURPHY.

MINNEAPOLIS, MINN., May 25, 1938.

Senator HENRIK SHIPSTEAD,
United States Senator, Washington, D. C.:
Mr. Christgau has been an excellent Works Progress State administrator.

FRANCES CARTER.

CHISHOLM, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building:
On basis excellent record please retain Victor Christgau as State administrator.

ALICE E. HODGINS.

CHISHOLM, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,
Senate Office Building:
Urge retaining Victor Christgau State administrator on basis of splendid record.

MILDRED PASKVAN.

St. PAUL, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,
United States Senate:
Understand Christgau ouster possible. I am in touch with hundreds of young business and professional leaders who believe Christgau has administered W. P. A. efficiently and honestly. Urge his retention.

JOSEPH E. OSBORNE,
Past President Minnesota Junior Chamber of Commerce
and St. Paul Junior Chamber of Commerce.

OLIVIA, MINN., May 27, 1938.

Hon. HENRIK SHIPSTEAD,
Senate Building:
Will you support Victor Christgau and keep him on the job?

CITIES SERVICE OIL Co.,
B. C. LEONARD, Proprietor.

COLERAINE, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,
Washington, D. C.:
Victor Christgau is a good man and should be kept on the job. hope you can see fit to give him your best support.

H. W. SUTTER.

REDWING, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:
Earnestly request your efforts to retain Victor Christgau as W. P. A. Administrator in Minnesota in interest of good government. He is doing a fine job.

JOHN C. FRIEDRICH.

DETROIT LAKES, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD:
We urge your support for retention of Victor Christgau as administrator. Has been an efficient executive worthy of your help.

CIVIC AND COMMERCE ASSOCIATION.

GILBERT, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

The people in our community are very much in favor of the retention of Victor Christgau in his present capacity and we urge you to use your best influence toward this end.

M. B. Elson, Secretary, St. Louis County Club and Farm Bureau Association, Gilbert, Minn.; Albert R. Simonson, Secretary, Alnago Farm Bureau Unit, Angora, Minn.; Walter W. Lehto, Anderson Community Club, Brittmount, Minn.; Mrs. Pauline Amistadi, Balkanary Farmers' Club, Chisholm, Minn.; Mrs. E. E. Pixley, Bear River Farm Bureau, Bear River, Minn.; Axel J. Peterson, Beatty Community Club, Cook, Minn.; John Westby, Brittmount Community Club, Brittmount, Minn.; Mrs. Alfred Erickson, Cook Neighborhood Club, Cook, Minn.; John Handberg, Crane Lake Commercial Club, Crane Lake, Minn.; Albert Bernrdorf, Elmer Community Club, Elmer, Minn.; Earnest Bloomquist, Farmers' Progressive Club of Owens, Cook, Minn.; Buford Brown, Littlecott Farmers' Club, Buhl, Minn.; Mrs. A. E. Lefte, Munger Good Fellowship Club, R. F. D., Cloquet, Minn.; Ray Rask, Payne Community Club, Payne, Minn.; Mrs. A. E. Bushell, Rice Lake Community Club, Route 4, Duluth, Minn.; Frank Wardas, Town of Lelding Farmers' Club, Orr, Minn.; Charles Neimi, Vermillion Farmers' Club, R. F. D., Tower, Minn.; John Hernesmaa, White Iron Farmers' Club, Ely, Minn.

RED WING, MINN., May 26, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

For the best interests of the State and Nation we believe that Hon. Victor Christgau should be retained as Works Progress administrator for Minnesota.

H. J. TIEDEMAN.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

W. P. A. under Christgau sets example for other States.

JAMES McELLIOTT.

MONTEVIDEO, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senator, Senate Office Building:

We urge you to support Victor Christgau, Minnesota Works Progress administrator and heartily commend his fair and businesslike administration.

JOE IVERSON, Watson, Minn.

MADISON, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD:

Would be pleased to have you support Victor Christgau. We regard him highly.

Rev. F. H. BERGMAN.

HUTCHINSON, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Building:

We object to Christgau removal. His cooperation has been 100 percent.

CIVIC AND COMMERCE ASSN.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

United States Senate:

I heartily approve your support of Christgau. Change uncalled for.

Mrs. H. W. DAVIS.

FARIBAULT, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

We respectfully urge your support to retain Victor Christgau as Works Progress administrator for Minnesota. His work in this community entirely satisfactory.

FARIBAULT CHAMBER OF COMMERCE,
G. J. BASSINGWAITE, Manager.

PIPESTONE, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Local sentiment demands retention of Victor Christgau as State administrator, Works Progress Administration. His continuance in office is essential to the success of the present works program.

GLENN CATLIN.

MONTEVIDEO, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD:

We urge you to support Victor Christgau, Minnesota Works Progress Administration administrator, and heartily commend his fair and businesslike administration.

ADOLPHSON & HUSETH.

St. JAMES, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senator from Minnesota:

Watwonwan County citizens are backing Victor Christgau; know him to be efficient; protest any attempt to remove him as State administrator, Works Progress Administration, for Minnesota.

S. F. L. Bregel, Ed C. Fogarty, A. J. Uleberg, J. K. Johnson, Hilmer Flogstad, P. J. Dempsey, N. S. Zender, E. T. Tighe, Ernest Hawkinson, F. L. Boor, J. H. Curtis, W. C. Wagner, J. E. Hegstrom, E. A. Eppel, and C. A. Torkelson.

FAIRMONT, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senator from Minnesota:

Retain Victor Christgau as Works Progress Administration administrator, Minnesota. Efforts have been commendable.

FRANK E. DOUGHERTY.
JOHN W. FLYNN.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

We commend your stand on Christgau ouster.

Mr. and Mrs. ALLEN M. SHEARER.

BRainerd, MINN., May 23, 1938.

Senator SHIPSTEAD,

Washington, D. C.

DEAR SENATOR: Victor Christgau has given the State an excellent administration as Works Progress Administration director, free from politics and fair in every way. I recommend that he be retained.

P. C. ROTH.

GRAND RAPIDS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Admire your good work for Christgau. Continue same. As chairman largest independent school district in United States, have had many contacts. He should be retained.

ELMER OLSON, Shocdopole.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Demand for Christgau removal unwarranted. Ouster move purely political.

ROY HUNT.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Christgau an outstanding administrator. Removal demand unwarranted.

ARNOLD TETNER.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.

DEAR SIR: Please accept thanks for supporting Victor Christgau. Stand by him. Most able, faithful, efficient.

Mr. and Mrs. SAMUEL E. ROBB.

DETROIT LAKES, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Senate Office Building:

Retain Christgau Minnesota Works Progress Administration administrator. Work very satisfactory.

QUENVOLD CREAMERY Co.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

Heartily endorse your stand for Christgau; urge your continued support.

IZETTA WINTER ROBB.

MINNEAPOLIS, MINN., May 25, 1938.

Hon. HENRIK SHIPSTEAD,

Senate Office Building:

The Minneapolis Civic and Commerce Association wishes to commend the quality of administration which Victor Christgau has given Works Progress Administration in Minnesota.

MINNEAPOLIS CIVIC AND COMMERCE ASSOCIATION.

TRACY, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Senate Office Building:

Do all you can to keep Victor Christgau Works Progress Administration administrator.

TED VANDUSEN.

TRACY, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

Care Senate Building:

I request you to do all you can to retain Victor Christgau as State Works Progress Administration administrator.

JOHN VAHLE.

TRACY, MINN., May 24, 1938.

Senator H. L. SHIPSTEAD,

Senate Building, Washington, D. C.:

Please use all your influence to retain Victor Christgau as State W. P. A. administrator.

Dr. A. D. HOIDALE.

TRACY, MINN., May 24, 1938.

Hon. H. SHIPSTEAD,

Senate Building, Washington, D. C.:

Please favor me by doing all you can to retain Victor Christgau W. P. A. administrator.

C. W. VAHLE.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Christgau administration free of criticism. Demand he be retained.

ROSE HALLORAN.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Removal demand of Christgau political move. Strongly urge his continuance.

R. D. SULLIVAN.

BRAINERD, MINN., May 24, 1938.

Senator H. SHIPSTEAD,

Washington, D. C.:

Urge retention Victor Christgau as administrator for his efficient accomplishments.

D. C. GRAY.

ST. PAUL, MINN., May 23, 1938.

Hon. HENRIK SHIPSTEAD,

Washington, D. C.:

Definitely in favor of retaining Christgau in present Works Progress Administration activities.

F. J. MORSE & Co.

NEW PRAGUE, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Urge your assistance in retaining Victor Christgau, Minnesota Works Progress Administration administrator. Believe his work has been above criticism.

WM. E. FITZHARRIS.

JOSEPH W. HANCOCK.

DR. W. F. MAERTZ.

LEN SUEL.

JAMES J. MACH.

TED PROSPEK.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

W. P. A. under Christgau successful. Suggest continuance as administrator.

JOSEPHINE WILLIAMS.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Support you in stand for retention of Christgau.

HARRIET LEVIN.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Christgau has proven ability. His continuance as administrator wished for.

LORRAINE SIROIS.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

Support you in opposing removal of Christgau.

AGNES M. OTT.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

Believe Christgau fine administrator. Urge his retention.

MR. AND MRS. W. H. PRYOR.

ST. PAUL, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senators Office:

I protest the action against Christgau.

W. A. BERGEN.

MINNEAPOLIS, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

It is the opinion of thousands of the best people in Minnesota that the removal of Victor Christgau would be a major mistake. He has conducted his office in an impartial and on a nonpolitical basis. All projects completed and under construction are of high order and a credit to him and his staff. Any effort you make in his behalf will be greatly appreciated by our legion of Minnesota friends.

Sincerely,

D. J. MURPHY.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD:

Support you in stand for retention of Christgau.

MARION MEDD.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Ouster move unwarranted. Urge Christgau be retained.

THOMAS GANNON.

OLIVIA, MINN., May 24, 1938.

HENRIK SHIPSTEAD,

Senate Building:

We want your support for Victor Christgau.

H. GRIFFITH.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building:

Protest attempt to remove Victor Christgau as State director of Works Progress Administration. He has produced clean program and administration in Minnesota.

CAROLINE M. CROSEY.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Christgau most capable administrator. Any change gained inadvisable.

MARION HERMES.

DULUTH, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Urge your support in protesting against removal of Christgau.

MRS. MARK H. TIBBETT.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Strongly endorse administration of Christgau. Advise against his removal.

ARTHUR NELSON.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Christgau administration most satisfactory. Urge his continuance as administrator.

ALICE BERGEN.

MINNEAPOLIS, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Works Progress Administration in Minnesota satisfactory. Urge continued administration.

CLAUDE DUNTHY.

BAUDETTE, MINN., May 24, 1938.

Hon. HENRIK SHIPSTEAD,

United States Senator, Washington, D. C.:

The Business Men's Association of Baudette wishes to go on record as rigorously opposed to any move that is being made to eject Victor Christgau, Minnesota Works Progress administrator. We feel that he has been more than fair to labor, and that any change of administration during these trying times would be very unwise and expensive.

STODDARD M. ROBINSON,
President, Baudette Business Men's Association.

SHERBURN, MINN., May 24, 1938.

HENRIK SHIPSTEAD,
United States Senate:

We request that you use your influence to retain Victor Christgau as Works Progress Administration administrator for Minnesota.

L. O. JOHNSON,
President, Sherburn's Businessmen Association.

NEW ULM, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD:

Make every effort to retain Christgau as Minnesota Works Progress Administration administrator.

Mr. and Mrs. C. M. BROWN.

ST. PAUL, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

I know Victor Christgau to be an able, efficient administrator, carrying on Works Progress Administration program here in splendid manner and without political bias. In interest of good government I sincerely hope he will be retained as director.

Mrs. A. J. McGUIRE.

BRainerd, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

Victor Christgau has administered a real Works Progress Administration program in Minnesota. We ask that you lend every effort to have him retained.

AMERICAN LEGION, Post No. 255,
AXEL ANDERSON, Commander.

FRANKLIN, MINN., May 24, 1938.

HON. HENRIK SHIPSTEAD,

Washington, D. C.:

Uphold Victor Christgau; doing fine job.

C. E. FREEMAN.
AMBER JOHNSON.
HAROLD POSS CELL.
BENJAMIN FRED AUSTIN.

CITY OF MONTEVIDEO, MINN., May 28, 1938.

HON. HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.

DEAR SENATOR: Sentiment against the removal of Christgau from W. P. A. is very strong here, and I sincerely hope you will do everything possible to prevent his removal.

Many supporters of the Farmer-Labor Party, like myself—I have been a member of organized labor for over 30 years—are earnestly hoping the voters will demand a radical change in the management of that party on June 20, our primary-election date.

In fairness to everyone I would suggest that no definite action be taken toward removing Victor Christgau until after the Minnesota June primaries, which may reveal a radical change in political sentiment in Minnesota.

Yours very truly,

W. S. HASLEAU, Mayor.

VIRGINIA, MINN., May 24, 1938.

United States Senator SHIPSTEAD,

Washington, D. C.:

Strongly urge keep Christgau. Record as administrator good. Letter following.

LABOR ADVANCEMENT ASSOCIATION,
MARCO VERBON,
Chairman, Unit 17, Tower, Minn.

COLERAINE, MINN., May 26, 1938.

HON. HENRIK SHIPSTEAD,

Washington, D. C.:

The Marble Calumet Nursery School, a W. P. A. project, has been altogether satisfactory—an asset to the community and much appreciated. We have no fault to find with the administration of affairs, and hope that Mr. Christgau will be retained in his present capacity.

Mrs. RALPH BRANDON,
President, Marble Parent-Teachers' Association.

MARSHALL, MINN., May 24, 1938.

Senator HENRIK SHIPSTEAD,

Senate Building, Washington, D. C.:

We ask you use influence have Victor Christgau retained State Works Progress Administration administrator.

LYON COUNTY COMMISSIONER.

NEW ULM, MINN., May 21, 1938.

HON. HENRIK SHIPSTEAD,

Senate Office Building, Washington, D. C.:

Urge your active support of Victor Christgau. Citizens of New Ulm indignant over Lundeen attitude.

CARL FRETSCHER, M. D.

SWANVILLE, MINN., May 26, 1938.

Senator HENRIK SHIPSTEAD,

Washington, D. C.:

We protest the removal of State Works Progress Administration administrator, Victor Christgau.

SWANVILLE COMMERCIAL CLUB.

PIESTONE, MINN., May 27, 1938.

HON. HENRIK SHIPSTEAD,

House of Senate, Washington, D. C.:

We strongly urge your support to retain Victor Christgau as Works Progress Administration administrator for this State. He is efficient, honest, and impartial.

PIESTONE CIVIC AND COMMERCE ASSOCIATION.

NEW ULM, MINN., May 21, 1938.

HON. HENRIK SHIPSTEAD,

United States Senate, Washington, D. C.:

Considerable feeling on account false reports attitude of city government against Mr. Christgau. Letter was signed by only one of eight councilors and nature of contents is disputed by signers. Great majority regard Mr. Christgau as efficient, and that he has given splendid cooperation in every way.

ALBERT PFAENDER.

Mr. BARKLEY. Mr. President, I do not wish to delay the Senate voting on the pending proposition. I wish, however, very briefly to point out why I cannot support it.

It may be that, in the interest of political purity, we should try to find some way by which to disfranchise everyone who holds a Government position, because everyone who holds a Government position, whether under civil service or outside of civil service, may be actuated in casting his vote by some personal equation or by some consideration of personal benefit or injury. Yet I would not be one who would favor denying to men or women who happen to be public servants in any capacity the same right that I enjoy and that I exercise as a Member of this body.

Much as I respect the Senate of the United States and all of its Members, I have not yet reached the conclusion that all political virtue is sealed up within these four walls; and I have not reached the conclusion that a United States Senator has any more right than the humblest man or woman in the United States to express his views on anything on which he entertains views. The fact that a humble man or woman happens to be employed by the Government of the United States is not a sufficient reason for disfranchising any such person or denying to any such person the same right that anybody else in the United States enjoys, however powerful that person may be.

We discussed the subject matter of this amendment at great length a few weeks ago when it was before us in the form of a bill, and on a roll call it was defeated by a vote of exactly 2 to 1—52 to 26—according to my recollection. I went on record against the bill when it came up independently on its merits and I have not been convinced that the position I took then is wrong now.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BARKLEY. I do not want to take more than 15 minutes.

Mr. HATCH. I just want to suggest to the Senator that the present amendment is entirely different from the bill.

Mr. BARKLEY. Oh, it is slightly different in phraseology; but the object is the same, and the objective and the purpose is the same, and the hidden insinuation contained in the amendment and in the original bill against anybody who happens to be compelled to draw compensation from the United States is the same.

There are many agencies and activities in this country which are not included in this appropriation measure. For 22 years we have been appropriating money out of the Federal Treasury to aid the States in the construction of highways all over the country. There is not a highway employee in any State who is appointed by any agency of the United States Government. They are all appointed by the State governments, and by the State highway departments of the State governments; and every one of them is controlled by the State organization which he serves. Although millions of dollars are annually contributed out of the Federal Treasury to help the States build highways, we

all know that there is not a State in the Union in which the political organization which is in control of the State does not prostitute for its own political purposes the employment of men and women on the highways, and within the offices constructing and conducting the highways.

Mr. CHAVEZ rose.

Mr. BARKLEY. I yield to the Senator from New Mexico for a question. Let me say further that this amendment does not touch such employees as those.

Mr. CHAVEZ. That is what I was about to call attention to.

Mr. BARKLEY. Are they in any better class, are they any more intelligent, are they any more patriotic, are they any more unselfish, than the men who are going to work on highways, paid out of W. P. A. funds appropriated in this joint resolution?

Under this amendment, if it is adopted, a group of men may be working on a highway that is being built out of W. P. A. funds, and over which there are foremen and superintendents in an administrative capacity, and they will be denied any right to do anything but vote—it was very generous of the Senator from New Mexico to preserve in them the right to vote—and they may privately express their views if they sneak up behind somebody and whisper into his ear what they think about some problem; but they may not express their views in public.

Mr. CHAVEZ. Mr. President, will the Senator yield to me for a moment?

Mr. BARKLEY. I yield to the Senator from New Mexico.

Mr. CHAVEZ. I will go a little further than the State highway employees. The Congress of the United States furnishes every penny that is paid to the employees of the compensation commissions in the individual States. The director of the compensation commission in my home State is appointed by the Governor, but he is paid 100 percent from Uncle Sam's money, which we appropriate. It has been found that he is politically inclined; it has been found that he does not give his entire time to the duties of the position; but because we passed a law that the Governor should appoint him, we cannot do anything about it. He is playing politics; he is playing the game; he is not giving his full time to the duties of the position; but we cannot do anything about it.

Mr. BARKLEY. I appreciate that. I was coming to that in a moment. I do not want to get away from the highway situation for a moment.

Let us conceive of a highway being constructed or repaired by W. P. A. workers who are denied the right to express themselves, and within a mile of that highway another road is being built or improved under the highway department of some State, and every foreman, superintendent, engineer, man or boy who works upon that highway may express his views. He may abandon his job and go out and electioneer for some candidate for office. I ask even the Senator from New Mexico how he can draw a distinction between those who work on a highway, paid out of W. P. A. funds, and those who work on a highway, paid partly out of road funds appropriated by Congress and in part by the State.

Mr. HATCH. Mr. President, does the Senator ask me that question?

Mr. BARKLEY. Yes; I ask the Senator from New Mexico that question.

Mr. HATCH. Then I answer the Senator in this fashion: If any such condition exists, it is the duty of the Senator from Kentucky and my duty to exercise every bit of power we have to see that these prohibitions extend to all such persons. If we have to go back to the States and clean up the States, let us do it; but let us also keep our own skirts clean.

Mr. BARKLEY. The Senator talks about going back to the States and cleaning up the States. Hercules was once assigned the task of cleaning up the Augean stables, and it took him a long time to do it. I am not certain that any of us here rise to the stature of heroism—certainly not of mythological heroism—that attaches to the name of Hercules.

As the Senator from New Mexico stated a moment ago, we appropriated one-half of all the money which goes to pay old-age pensioners. When we wrote the social security law, we contemplated and expected that the maximum amount which would be drawn by the old people would be \$30 a month. We arranged to have \$15 put up by the Federal Government, to be matched by the State governments. Of course, the State governments have not matched the \$15, and the amount the pensioners actually draw is variable, depending upon the action of the legislatures of the States. Every one of the old men and women who have served their time and generation in the interests of the public is called upon, examined, and investigated and questioned about his or her right to draw a pension; and every one of the pension agents who go around over the States examining applications for old-age pensions is paid one-half out of the Treasury of the United States. Every one of the old persons who draw pensions draws half of it out of the United States Treasury. We are not doing anything about them in this amendment. No effort is made to touch them.

The unemployment insurance is not a loan. It is an outright grant on the part of the United States. Every man who is employed in any State as supervisor or superintendent or director of the unemployment-compensation service is paid 100 percent out of the Treasury of the United States, and every one of them is appointed by and is under the control of the political organization which operates in the State. They are at liberty to roam around at their will, or at the will of their boss or their organization, and indulge in politics to their heart's content; but we are proposing that anybody connected with a job under W. P. A., or P. W. A., or C. C. C., or the Agricultural Adjustment Administration, or any other activity for which we appropriate money in this joint resolution, shall be tied with a rope to a tree so that he is helpless and cannot even speak, unless he can whisper in the ear of somebody what his convictions are, while all these others who draw pay out of the Treasury of the United States are free to roam at will and play the political game to their heart's content.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I have only a few moments, but I will yield for a question.

Mr. McCARRAN. Is not that due to the fact that during the time Congress has been considering this very joint resolution, those who will administer this money have made public statements which in themselves were political, and were inclined to lead the populace of the country along certain political lines?

Mr. BARKLEY. No man is greater than his creator, although men frequently assume to be; but no man is really greater than his creator. I suppose the Senator has reference to Mr. Harry Hopkins, who the other day made a reply to a newspaper inquiry about a situation in Iowa. I am willing to concede that Mr. Hopkins was guilty of an indiscretion in making that statement—the Senator from Nevada thinks it was even worse than an indiscretion—but I do not admit that as a matter of principle or as a matter of policy Mr. Hopkins was guilty of any more of an indiscretion because he spends the money than are we who appropriate it and put it at his disposal if we go around over the country expressing our views with respect to politics, and advising everybody in every State how he should vote upon any problem that may confront him.

Mr. McCARRAN. Mr. President, will the Senator yield for another question?

Mr. BARKLEY. I yield.

Mr. McCARRAN. Does not the Senator distinguish between those who merely appropriate and have no power of paying out, and the one who has absolute control and pays out directly to the dependent and the needy?

Mr. BARKLEY. Oh, I grant that there is a theoretical distinction.

Mr. McCARRAN. Theoretical?

Mr. BARKLEY. But it is entirely possible that the Senator from Nevada, and I as a Senator from Kentucky, might

influence votes within our State, if we were willing to do it, by promising greater appropriations to those who were in need, thereby influencing their votes in the same way that Mr. Hopkins or anybody else might influence them by expressing the thought that if he lived within a certain State he would vote for a certain candidate.

I am not saying this in order to inject myself into the Iowa situation. I have not undertaken to do it. I have no interest in that contest, and I have no opinion with respect to what the people of Iowa ought to do, but if we are going to adopt a code of political purity and virtue on the floor of the Senate we ought to adopt it also when we are outside of this Chamber. We ought to concede to every American, high or low, whatever office he holds—whether it is a political or any other sort of office, whether it is an elective or an appointive office—the same right which we exercise in our capacity either as Senators or as citizens of the United States.

The PRESIDENT pro tempore. The time of the Senator from Kentucky has expired.

Mr. McCARRAN. Mr. President, one question to the Senator.

Mr. BARKLEY. My time has expired.

Mr. McCARRAN. May I address a question to the Senator from Kentucky? Would not his last remarks have well applied when we adopted the civil-service laws of this country?

Mr. BARKLEY. I was not present when the civil-service laws were adopted. I concede, if the Senator will permit me to answer in his time, that lifetime appointments made as a result of examinations by the Civil Service Commission ought to preclude, and do preclude, under the law, what we call pernicious political activity.

Mr. McCARRAN. That is correct.

Mr. BARKLEY. But in order to discharge any civil-service employee who is enjoying a lifetime tenure for what is called pernicious activity in politics, there have to be charges filed, they have to be investigated by an official investigator, and they have to be established by proof which will justify a removal. That is because a man or a woman who enjoys a life tenure in a civil-service appointment may be guilty of things that bring that service into disrepute and discredit. But I would not deny to a civil-service employee, though holding a lifetime office, the right to express himself on any question in which he is interested, although I would restrict him in the exercise of his political activities to such an extent that he might not bring discredit on the service in which he was engaged. But under the amendment which is now offered no man who occupies a position or draws compensation out of this appropriation could take a position publicly upon a bond issue submitted to the people of a city to determine whether they would vote for the appropriation of money to buy a waterworks or an electric-light plant which was to be paid for out of the appropriation carried in the pending joint resolution.

No man who enjoys such a position would be permitted to express his opinion in public upon anything which might affect the outcome of an election which might involve the expenditure of money carried in this appropriation. No architect who drew the plans for a schoolhouse, or a courthouse, or a jail, or waterworks system, or any other public construction, could publicly express his views with respect to any political matter if this amendment were adopted.

Mr. HATCH. Mr. President, will the Senator from Nevada yield to me for a question?

Mr. McCARRAN. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The Senator from Nevada has the floor.

Mr. McCARRAN. I cannot yield for anything but a question. I did not know that I had the floor.

Mr. BARKLEY. The Senator had it, and he yielded to me to answer a question.

Mr. McCARRAN. I am very glad I yielded.

Mr. BARKLEY. He yielded to me to answer a question he asked me, which is a little reversal of the ordinary procedure; but we are not proceeding according to technicalities here tonight.

The PRESIDING OFFICER. The Senator from Nevada still has the floor.

Mr. BARKLEY. I may not have answered the question, but I expressed my own views with respect to the matter. [Laughter.]

Mr. McCARRAN. The Senator answered the question.

Mr. HATCH. Mr. President, will the Senator yield to me?

Mr. McCARRAN. In just a moment. I wish to deal with this matter as impartially and as fairly as I know how.

I think the Senator from Kentucky has taken a position which he would not take if he thought of his remarks. I agree with some things he said, but he states that those who control this money would not have the right to express themselves even on a bond issue. I wonder whether the Senator from Kentucky would want Mr. Ickes to come into a municipality and state to that municipality that it would or would not vote on a bond issue when that bond issue involved the question whether or not it would adopt the policies of P. W. A. I know what the answer is, of course. The answer is "No."

Mr. BARKLEY. In the first place, if the Senator will yield, Secretary Ickes is not involved in this, because he does not draw his compensation out of this appropriation and it does not affect him. He can do it without violating the law.

Mr. McCARRAN. The Senator from Kentucky took a very broad view of the situation.

Mr. BARKLEY. I am a broad-minded man. [Laughter.]

Mr. McCARRAN. He made the statement broader than he really intended to.

Mr. BARKLEY. No; I did not. If I had had time, I could have broadened it out a good deal.

Mr. McCARRAN. I know the Senator could have broadened it out a good deal, but he did not mean to broaden it.

Mr. BARKLEY. Oh, yes; I did.

Mr. McCARRAN. Because what the Senator said was absolutely not in keeping with this measure. The fact of the matter is that this amendment does not apply to Mr. Ickes.

Mr. BARKLEY. That is what I said.

Mr. McCARRAN. The fact of the matter is that it has been modified, that it is confined to W. P. A. activities, and, going further, the W. P. A. activities to which this amendment addresses itself are those which have aroused the Nation. They have aroused the people of this country.

Mr. BARKLEY. They have aroused the Senate; I do not know whether they have aroused the Nation or not. [Laughter.]

Mr. McCARRAN. They have gone further than that, and they have gone further than that because the press of this country has reflected the sentiments and ideas of the people of this country.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield for a question; that is all I can yield for.

Mr. SCHWELLENBACH. Does the Senator intend to ask this body to believe that the press of this country reflects the sentiments of the people at any time?

Mr. McCARRAN. Yes; I think so. I will answer. I think the press of this country is supported by the American people. If the press of this country were not supported by the American people, the press of this country would go out of business. The press of this country represents a great cross section of American ideas as expressed by the average individual in the everyday walk of life. The press of this country is the voice of the people. The Senator from Washington may not agree to that but it is nevertheless true, and under a democratic form of government the voice of the people is the voice of the governing power.

Mr. BARKLEY. Will the Senator yield to me there?

Mr. McCARRAN. For a question only. The Senator from Kentucky has tied me down.

Mr. BARKLEY. No; I am not going to be guilty of taking advantage of any technicality to take the Senator off the floor, but inasmuch as he has said that I made a broader statement than I intended to make with respect to the P. W. A., I should like to say that I had no reference to Secretary Ickes, but I had reference to W. P. A.

Mr. McCARRAN. Is the Senator asking me a question, or is he making a speech?

Mr. BARKLEY. I am asking the Senator a question. I will make a statement. [Laughter.]

Mr. McCARRAN. I yield.

Mr. BARKLEY. I will ask the Senator a question.

Mr. McCARRAN. Let us see what it is.

Mr. BARKLEY. Does not the Senator know—so far it is a question [laughter]—does not the Senator know that when I referred to a bond issue in a city to determine whether that city could borrow the money to put up its part of the necessary sponsorship of a W. P. A. project for streets, or sidewalks, or sewers, or a public utility, it is covered by this amendment, which denies to anybody who draws any compensation out of that fund the right to express himself publicly upon the question? That is a question.

Mr. McCARRAN. Is that a question? If so, I will answer it "no."

Mr. BARKLEY. That is an incorrect answer. [Laughter.]

Mr. McCARRAN. Mr. President, we are dealing with a thing which means much to American life. We are either going forward with a great democracy or we are going down. I have faith enough in the people of this country to believe that we are going forward. I have never lost faith in the people of this country.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McCARRAN. For a question only.

Mr. BARKLEY. Does that include those who are working on public projects who will be paid out of this appropriation?

Mr. McCARRAN. By all means, provided their food and raiment are not affected by someone who has that in his control.

Mr. BARKLEY. All of the food and raiment—

Mr. McCARRAN. I did not yield for a statement; I yielded for a question.

Mr. BARKLEY. I will ask the Senator a question. Do not the 96 Members of the United States Senate largely depend upon what they draw from the Treasury of the United States for their food and raiment?

Mr. McCARRAN. Mr. President—

Mr. BARKLEY. If they do—and I will say frankly that I do—are we any higher in the estimation of the people, are we any purer, are we any more virtuous, are we any less likely to debauch politics and to prostitute it for our own selfish ends, than a man who draws \$70 as a foreman of a street gang?

Mr. McCARRAN. Mr. President, answering the first part of the Senator's double-jointed question, and I can only speak for myself, for the time being I say "yes." That is the answer to the first part.

Secondly, we are no greater than any other individual. We simply live on what we get. I do; I speak for myself. Undoubtedly the Senator from Kentucky could answer it otherwise—

Mr. BARKLEY. No. [Laughter.] Will the Senator allow me to ask him a question?

Mr. McCARRAN. Surely.

Mr. BARKLEY. Does not the Senator know that I cannot do it otherwise? [Laughter.]

Mr. McCARRAN. I do not know that. I cannot say what the Senator has. I hope he has plenty. I should be delighted to have him have everything that God could give him, because I admire him very much.

Mr. President, going back to the subject, there is one thing uppermost in this amendment. It may be voted down, although I hope it will not be voted down. The uppermost thing is, shall American citizenship in its most lowly state occupy the high place which it was intended to occupy when this Government was created, or shall American citizenship

in its most lowly state be dependent upon someone who doles out and deals out the money which comes from the brow of the labor of this country? Every dollar that goes into the Treasury of the United States of this country by way of taxation comes off the brow of labor.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield for a question.

Mr. WHEELER. I was going to ask the Senator why it was that we so seriously objected to a corporation putting a statement in the pay envelopes of the employees that they ought to vote so and so. Why do we pass laws against that practice, and why does everyone condemn it?

Mr. McCARRAN. For just the same reason that I would condemn one who occupies a great and high place who would say that in order for some starving individual, out of employment, to have a place at \$44 a month, the miserable pittance of \$44 a month, he, the one who draws the \$44 a month, must yield to the will and dominance of the fellow who doles it out.

Mr. President, that sentiment runs through all American life. It is not a question to be forgotten today or tomorrow; it is a question, Shall the individual vote as he wants to vote, or shall he vote to please someone who controls his meal ticket?

Today how many are there in America whose meal ticket is controlled by some Federal agency? Does that Federal agency controlling that meal ticket have the power to say to that individual that unless he votes as the one controlling says he shall vote, he will be cut off, or shall American citizenship stand in the high and lofty position which God intended that American citizenship should occupy?

Mr. President, this is not a question of what comes out of the power of the Senate. It is not a question of whether the Senate is equal to someone who is on a dole. We are all citizens, all humble, all responding to the same oath of citizenship. That being true, then why should we give the power to someone who has this money to deal out and dole out—why should we give him the right to say that someone subservient to him shall vote as he dictates?

That is all there is to the amendment. If we express the will of the people of this country, then we will vote for the amendment. If we do not want to express the will of the people of this country, then we might vote it down. The whole question involved here is, Shall the people rule, or shall someone who has been delegated by the people to minister to the needs of the unemployed, the lowly and humble, dominate so that by reason of necessity, growing out of a colossal depression, the unfortunate shall yield their free will to the dominating force of money? The whole proposition involved in this amendment offered by the Senator from New Mexico is man against money. May God grant for the sake of America and its leadership in the affairs of the world that the most lowly man, even though he be dependent, may never be denied the right to exercise free will in the way of an untrammelled and uninfluenced vote.

Mr. NORRIS. Mr. President, I offer an amendment to the amendment of the Senator from New Mexico. In line 4, page 1, I move to strike out the third word, "an", and to insert in lieu thereof the following:

A convention, a primary, or other.

So that it will read:

Or influence for the purpose of interfering with a convention, a primary, or other election.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HATCH. I have no objection to the amendment which the Senator has offered, but will the Senator object to adding to his amendment, after the word "with" the words "or influencing"?

Mr. NORRIS. Where would that language come? There is no word "with" in the amendment I proposed.

Mr. HATCH. I mean in the amendment I offered, in line 4. In that line the word "with" appears.

Mr. NORRIS. Yes; the second word.

Mr. HATCH. It reads "interfering with." I want to have the Senator insert after the word "with" the words "or influence", so it would read:

Interfering with or influencing.

Then the Senator's proposed amending language would follow.

Mr. NORRIS. I have no objection to including that language at the beginning of my amendment, so it will read as the Senator has read the language.

Mr. HATCH. I accept the amendment proposed by the Senator from Nebraska to my amendment.

Mr. BARKLEY. Wait a moment. Will the Senator yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. Of course the amendment includes, as I understand it, conventions and primary elections as well as general elections?

Mr. NORRIS. Yes.

Mr. BARKLEY. So, if it were adopted, although I am sure the Senator from Nebraska does not mean any such thing as that, no one could go to a convention except the bosses; that is, the bosses over the men who are doing this work. They all have bosses. They have bosses on these projects and on the highways. They have bosses in utility plants and water works.

Mr. NORRIS. I hope the Senator will not take up all my time.

Mr. BARKLEY. No.

Mr. NORRIS. I do not believe the objection of the Senator from Kentucky is valid. If the amendment, as amended, were adopted, it would read as follows:

No person * * * whose compensation, or any part thereof, is paid from funds appropriated by this act shall use his official authority or influence for the purpose of interfering with a convention, a primary, or other election.

I think that is perfectly plain. I do not care to argue that. The Senator from New Mexico accepted the language with the words "or influencing."

Mr. HATCH. I did accept the amendment.

The PRESIDENT pro tempore. The Senator from New Mexico modifies his amendment by accepting the amendment of the Senator from Nebraska.

Mr. BYRNES. Mr. President, in my time I should like to ask the Senator from New Mexico a question. As amended the amendment would permit a man who holds a position, privately to express his opinion, provided that opinion does not influence anyone. Is that right?

Mr. HATCH. No. I would not make any such test as that. That is not the language of the amendment.

Mr. BYRNES. It does permit him privately to express his opinion, does it not?

Mr. HATCH. It is an exception to the rule; yes.

Mr. BYRNES. But it says he must not express any opinion that influences the result.

Mr. HATCH. No; I do not so read it.

Mr. BYRNES. Does it not say that he shall not influence? That is the purpose of it; not to influence the result of an election.

Mr. HATCH. There is an exception in the bill which makes it clear that nothing in this act shall prevent a man from expressing his opinion or from voting. It has nothing to do with the prohibition whatever.

Mr. BYRNES. But suppose I express my opinion to the Member of the Senate sitting next to me, and I happen to influence his vote. Am I violating the law or not?

Mr. HATCH. The Senator is not.

Mr. BYRNES. And yet the first sentence says that I must not influence the opinion of anyone. That is the purpose of the amendment, is it not?

Mr. HATCH. No.

Mr. BYRNES. What is its purpose?

Mr. HATCH. Will the Senator permit me in his time to read it?

Mr. BYRNES. Yes.

Mr. HATCH. I read:

No person employed in any administrative capacity, by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds appropriated by this act shall use his official authority or influence for the purpose of—

There is a change at that point—

for the purpose of interfering with or influencing an election.

He shall not use his official authority. That is the prohibition in the bill. And the exception simply makes clear and plain that his right to speak and express his opinion, and to vote, is not interfered with.

Mr. BYRNES. Provided he does not influence the result.

Mr. HATCH. No; there is no such language. Oh, no.

Mr. BYRNES. If an administrator in the Department should express his opinion to his secretary, and should influence the opinion of that secretary, would he or not violate that language?

Mr. HATCH. The language is plain.

Mr. BYRNES. Well, it says he can express his opinion.

Mr. HATCH. The rule has been in operation for many, many years in our Government, and it has been construed and applied and the Senator as a lawyer understands that. Let me read it again.

Mr. BYRNES. Is it already the law?

Mr. HATCH. Oh, it has been the law with respect to the civil service ever since 1883. And there has been no complication suggested such as the Senator has so wisely pointed out.

Mr. BYRNES. Is it a provision then to apply the provisions of the civil-service law to this matter, or is it different?

Mr. HATCH. I am sorry the Senator was not present when I explained the matter.

Mr. BYRNES. I have had the Senator's amendment, and I understand from the way he read it, that it has been changed.

Mr. HATCH. Yes; but it is still the identical provision which appears in the civil-service law, which prohibits political activity on the part of civil-service employees.

Mr. BYRNES. And applies it to the Works Progress Administration?

Mr. HATCH. It applies to those in official capacity to prevent their using their official authority.

Mr. BYRNES. To all, or just to P. W. A. and W. P. A.?

Mr. HATCH. It applies to all at this time, but it had been suggested that it should only apply to title I. Does the Senator think it should only apply to title I?

Mr. BYRNES. I am not offering the amendment. I would not offer it.

Mr. HATCH. I thought the Senator would want to make a restriction of that sort. If he did, I think I should agree with the Senator.

Mr. BYRNES. I am asking whether it applies to one or both.

Mr. HATCH. At the present time it applies to all receiving money from that appropriation.

Mr. BARKLEY. Mr. President, let me ask the Senator a question.

Mr. HATCH. I cannot yield, because I do not have the floor.

Mr. BYRNES. I yield to the Senator.

Mr. BARKLEY. Under this amendment any one of these people can still vote, and still express his views in private. When does an expression cease to be private and become public? How many people have to be present in order to make it a public expression? If I take the Senator out behind the smokehouse and tell him something, is it private? But if I bring him where somebody can hear it, is that public? How many persons must hear it before it is public?

Mr. HATCH. May I answer in the time of the Senator from South Carolina?

Mr. BYRNES. I yield.

Mr. HATCH. I think the Senator from Kentucky has raised a very important question. I do not like to split hairs.

I do not like to have any misunderstanding. Did the Senator mention a smokehouse?

Mr. BARKLEY. Any sort of house. That is just a common expression for the place where meat is cured.

Mr. HATCH. If that is the thing that is in the mind of the Senator from Kentucky, Mr. President, in order to relieve his mind on that score, I modify the amendment by striking out the word "private."

Mr. MURRAY. Mr. President, will the Senator from New Mexico yield?

Mr. HATCH. The Senator from New Mexico has not the floor and cannot take the floor.

SEVERAL SENATORS. Vote!

Mr. MURRAY. Mr. President, before a vote is taken I should like to inquire whether or not the amendment has been changed, and whether it now applies to a clerk or a secretary of a congressional committee.

Mr. HATCH. Oh, no.

Mr. MURRAY. It seems to me that we are unduly excited over the alleged political activities of the Works Progress Administration. So far as my State is concerned, I know there is absolutely no political activity going on in the administrative offices in my State. Of course, I do not know what the situation is in other States.

The only information we have had today with reference to alleged political activities of the Works Progress Administration has come to us in the form of clippings from newspapers. If we are to accept those as statements of fact, it seems to me we shall not be exercising common sense and common judgment in a matter of this kind.

I do not think there is justification for all the excitement that is manifested over the W. P. A. activities. It seems to me that activities are going on in other quarters which are more serious than any political activities in the W. P. A. I know of many such instances, and I intend to collect the information and data in connection with the instances I have in mind, and later submit them to the Senate.

SEVERAL SENATORS. Vote!

The PRESIDENT pro tempore. The question is on agreeing to the modified amendment offered by the Senator from New Mexico [Mr. HATCH].

Mr. HATCH. Mr. President, I desire further to modify the amendment, so as to make it apply to title I.

Mr. McNARY. Mr. President, may the amendment, as now modified, be stated?

The PRESIDENT pro tempore. The Clerk will state the amendment in its latest modified form.

The CHIEF CLERK. It is proposed to insert, at the proper place, the following:

No person employed in any administrative capacity by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds appropriated by title I of this act shall use his official authority or influence for the purpose of interfering with or influencing a convention, a primary, or other election, or affecting the results thereof. Any such person shall retain the right to vote as he pleases and to express his opinions on all political subjects, but shall take no active part in political management or in political campaigns. Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by this act shall be used to pay the compensation of such person.

SEVERAL SENATORS. Vote!

Mr. LA FOLLETTE. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. SHIPSTEAD (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if present he would vote as I shall vote. I therefore vote "yea."

The roll call was concluded.

Mr. GERRY. I announce that the Senator from Nebraska [Mr. BURKE] is paired with the Senator from Oklahoma [Mr. THOMAS]. If the Senator from Nebraska were present, I am informed that he would vote "yea"; and if the Senator from Oklahoma were present, I am informed that he would vote "nay."

Mr. AUSTIN. I have been requested to announce the following general pairs:

The Senator from New Hampshire [Mr. BRIDGES] with the Senator from North Carolina [Mr. REYNOLDS].

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

The Senator from North Dakota [Mr. NYE] with the Senator from South Carolina [Mr. SMITH].

Mr. LEWIS. I announce that the Senator from Arizona [Mr. ASHURST] and the Senator from Oregon [Mr. REAMES] are detained from the Senate because of illness.

The Senator from Massachusetts [Mr. WALSH] is delivering a commencement address at the Coast Guard Academy in New London, Conn.

The Senator from Nebraska [Mr. BURKE], the Senator from Missouri [Mr. CLARK], the Senator from Ohio [Mr. DONAHUE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from Arizona [Mr. HAYDEN], the Senator from Kentucky [Mr. LOGAN], the Senator from New Jersey [Mr. MILTON], the Senator from North Carolina [Mr. REYNOLDS], the Senator from South Carolina [Mr. SMITH], and the Senator from Oklahoma [Mr. THOMAS] are detained on important public business.

The result was announced—yeas 37, nays 40, as follows:

YEAS—37

Austin	George	Loneragan	Thomas, Utah
Bailey	Gerry	McCarran	Townsend
Berry	Gibson	McNary	Vandenberg
Borah	Hale	Maloney	Van Nuys
Bulkley	Hatch	Miller	Wagner
Byrd	Holt	Norris	Wheeler
Capper	Johnson, Calif.	O'Mahoney	White
Connally	King	Pope	
Copeland	La Follette	Russell	
Frazier	Lodge	Shipstead	

NAYS—40

Adams	Caraway	Hughes	Overton
Andrews	Chavez	Johnson, Colo.	Pepper
Bankhead	Dieterich	Lee	Pittman
Barkley	Ellender	Lewis	Radcliffe
Bilbo	Green	McAdoo	Schwartz
Bone	Guffey	McGill	Schwellenbach
Brown, Mich.	Harrison	McKellar	Sheppard
Brown, N. H.	Herring	Minton	Smathers
Bulow	Hill	Murray	Truman
Byrnes	Hitchcock	Neely	Tydings

NOT VOTING—19

Ashurst	Donahue	Logan	Reynolds
Bridges	Duffy	Lundeen	Smith
Burke	Gillette	Milton	Thomas, Okla.
Clark	Glass	Nye	Walsh
Davis	Hayden	Reames	

So Mr. HATCH's amendment, as modified, was rejected.

Mr. BANKHEAD obtained the floor.

Mr. BARKLEY and Mr. COPELAND addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Kentucky rise for a parliamentary inquiry?

Mr. BARKLEY. No; I wish to move to suspend operations and recess until tomorrow.

Mr. BANKHEAD. I yield for that purpose; but I have the floor.

Mr. BARKLEY. It is obvious that we cannot conclude the consideration of the joint resolution this evening.

Mr. COPELAND. Mr. President, will the Senator yield for a moment?

Mr. BARKLEY. I yield.

Mr. BANKHEAD. Mr. President, I was recognized.

The PRESIDENT pro tempore. The Senator from Alabama has the floor. He has yielded to the Senator from Kentucky.

Mr. BANKHEAD. I yielded for the purpose of enabling the Senator from Kentucky to move a recess, but I want it understood that I shall have the floor tomorrow morning.

Mr. BARKLEY. There will be no difficulty about that.

Mr. BANKHEAD. I yield for that purpose.

APPROPRIATIONS FOR CIVIL FUNCTIONS OF WAR DEPARTMENT—CONFERENCE REPORT

Mr. COPELAND. Mr. President, the Army engineers are very eager to have the bill making appropriations for the civil functions of the War Department passed. I submit

the conference report on the bill, and ask for its adoption.

The PRESIDENT pro tempore. The report will be read. The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 4, 6, 8, 13, 14, 16, 18, and 24.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, and 9, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "and not in excess of \$170,000 shall be available for the acquisition of land in the vicinity of San Francisco, California, at an average cost of not to exceed \$1,000 per acre"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "Provided further, That to the extent that the foregoing sum of \$24,000,000 may be reduced by obligations for flood control made prior to April 21, 1938, the appropriation for general flood control contained in the next succeeding paragraph shall be reduced by a like amount and such amount shall then be transferred from the appropriation for general flood control to the appropriation made in this paragraph"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7, 10, 11, 12, 15, 19, 20, 21, 22, and 23.

ROYAL S. COPELAND,
CARL HAYDEN,
ELMER THOMAS,
MORRIS SHEPPARD,
JOHN G. TOWNSEND, Jr.,

Managers on the part of the Senate.

J. BUELL SNYDER,
JOHN F. DOCKWEILER,
DAVID D. TERRY,
JOE STARNES,
ROSS A. COLLINS,
D. LANE POWERS,
ALBERT J. ENGEL,

Managers on the part of the House.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
June 2, 1938.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 7, 10, 11, 12, and 19 to the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 15 to said bill and concur therein with an amendment as follows: In lieu of the matter inserted by said amendment insert "augmentation of the foregoing appropriation of \$70,020,000, \$18,000,000 of the amount named for public projects in the second limitation under (d) in subsection (1) of section 1, Title I, of the Emergency Relief Appropriation Act of 1938, shall be available exclusively for the objects embraced by this paragraph: *Provided*, That nothing herein shall be construed as amending or modifying the provisions of section 3 of Title I of such act: *Provided further*, That the requirement in section 5 of Title I of such Act that no Federal construction project, with certain exceptions, shall be undertaken unless and until there have been allocated and irrevocably set aside sufficient funds for its completion is hereby waived as to this appropriation; and further in augmentation of the foregoing appropriation of \$70,020,000";

That the House recede from its disagreement to the amendment of the Senate numbered 20 to said bill and concur therein with an amendment as follows: In lieu of the matter inserted by said amendment, insert a comma and "and of such sum not to exceed \$3,000,000 shall be available."

That the House recede from its disagreement to the amendment of the Senate numbered 21 to said bill and concur therein with

an amendment as follows: In lieu of the matter inserted by said amendment insert a comma and "as authorized by law."

That the House recede from its disagreement to the amendment of the Senate numbered 22 to said bill and concur therein with an amendment as follows: In lieu of the matter inserted by said amendment insert a comma and "and not to exceed \$4,000,000 shall be available for the prosecution, under plans to be approved by the Secretary of Agriculture, of works of improvement for measures of run-off and water-flow retardation and soil-erosion prevention upon the watersheds of waterways for which works of improvement for the benefit of navigation and the control of destructive flood waters and other provisions have been or hereafter may be adopted or"; and

That the House recede from its disagreement to the amendment of the Senate numbered 23 to said bill and concur therein with an amendment as follows: In lieu of the matter inserted by said amendment insert "as at present or subsequently amended and supplemented."

Mr. COPELAND. I move that the Senate concur in the House amendments to Senate amendments numbered 15, 20, 21, 22, and 23.

The motion was agreed to.

SENATOR WILLIAM GIBBS M'ADOO—LETTER FROM THE PRESIDENT

Mr. BARKLEY. Mr. President, I present a letter from the President of the United States addressed to the Senator from California [Mr. McAdoo], which I ask consent to have printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, March 16, 1938.

DEAR MAC: I have given much thought to the suggestion you made in our conversation a few days ago that you really desired to return to private life and be a "free man" once more. The more I think of it the more convinced I have become that you ought to seek reelection.

Because of our long association, dating back to 1911, I am qualified to say that few men in public life today have had anything like the extensive experience of public service that you have had. You began with the construction and operation of the tunnels under the Hudson River; as Secretary of the Treasury for many years you directed the financial operations of the Government during the whole period of the World War; and in addition, when the transportation system failed to meet the extraordinary demands imposed on it by the war, you served as Director General of the Railroads.

These past 5 years in the Senate have added to the wide knowledge you had already gained in serving the country. All of this experience has fitted you peculiarly for the serious and important work that lies ahead of us, and I do not need to tell you that I have always appreciated the fine support you have given to my administration. Therefore, your retirement from the Senate would be a distinct loss to the public, and all I can say is that I earnestly hope that you will run again.

As ever yours,

FRANKLIN D. ROOSEVELT.

HON. WILLIAM GIBBS M'ADOO,
United States Senate, Washington, D. C.

ADDITIONAL BILL AND JOINT RESOLUTION INTRODUCED

A bill and joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. O'MAHONEY:

A bill (S. 4134) to provide for the continued operation of merchant vessels of the United States on essential trade routes; to the Committee on Commerce.

By Mr. PEPPER:

A joint resolution (S. J. Res. 304) to permit the transportation of citrus fruits by foreign-owned vessels between the ports of the State of Florida, and the ports of Portland, Oreg., and Seattle, Wash.; to the Committee on Commerce.

RELIEF AND WORK-RELIEF APPROPRIATIONS—ADDITIONAL AMENDMENTS

Mr. McADOO submitted an amendment, and Mr. FRAZIER (for Mr. NYE) submitted two amendments intended to be proposed by them to the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, which were severally ordered to lie on the table, and to be printed.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Senior Surgeon Charles L. Williams, to be medical director in the United States Public Health Service, to rank as such from May 23, 1938; and also the nominations of sundry doctors to be assistant surgeons in the United States Public Health Service, to take effect from date of oath.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of several officers for appointment, by transfer, in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 10 o'clock p. m.) the Senate took a recess until tomorrow, Friday, June 3, 1938, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 2 (legislative day of April 20), 1938

POSTMASTERS

KENTUCKY

Rebecca B. Forsythe, Greenup.

MISSISSIPPI

Aubrey C. Griffin, Jackson.

NEW YORK

Clyde S. Edmister, Lisle.

Jesse S. Crane, Vestal.

PENNSYLVANIA

Mary R. Yocom, Douglassville.

Edwin A. Breinig, Egypt.

SOUTH CAROLINA

George N. Burnett, Greenwood.

TENNESSEE

James R. Hennessee, Sparta.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 2, 1938

The House met at 12 o'clock noon.

The Reverend Clifford H. Johe, pastor of the Ninth Street Christian Church, Washington, D. C., offered the following prayer:

Our divine Father, we thank Thee for Thy presence, which has been with the people of this Nation through shadow and fire and has brought us to a place of honor and power. Help us to honor Thee in all our ways that our paths may be directed by Thee. Give to all who rule in this land the fear of Thy name and the accomplishment of Thy law. May Thy spirit and counsel give enlightened minds, a passion for

justice, the courage to submerge selfish ambition and pride, that together we may avoid the bogs of blind contentment, distrust, and evil custom and be led of Thee into the sunlit fields of Thy domain, where dwell peace and truth. In the name of our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H. Con. Res. 52. Concurrent resolution authorizing the printing of additional copies of the Revenue Act of 1938.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1585. An act for the relief of Sallie S. Twilley; and

S. 3113. An act for the relief of the Congress Construction Co.

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. GIBSON members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of executive papers in the following departments: The Department of the Treasury, the Department of Agriculture, the Department of Labor, Veterans' Administration, and The National Archives.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 5) entitled "An act to prevent the adulteration, misbranding, and false advertisement of food, drugs, devices, and cosmetics in interstate, foreign, and other commerce subject to the jurisdiction of the United States, for the purposes of safeguarding the public health, preventing deceit upon the purchasing public, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COPELAND, Mr. BAILEY, Mr. CLARK, Mrs. CARAWAY, Mr. McNARY, Mr. VANDENBERG, and Mr. GIBSON to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include some official figures.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DIES. Mr. Speaker, I ask unanimous consent to insert in the RECORD some information prepared by E. K. Gubin with reference to congressional investigations.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE PRESIDENT SPEAKS ON THE REVENUE ACT OF 1938—THOSE HE HITS CANNOT TAKE IT

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point, and to include the President's message on taxes and other matters.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Speaker, last Friday, May 27, the President refused to sign the new tax bill and, in connection with such refusal, made the following statement, which I deem to be of such importance that it should be inserted in the RECORD. It is as follows:

PRESIDENT'S ADDRESS AT ARTHURDALE, W. VA., MAY 27, 1938

At last after many attempts I have succeeded in coming to Arthurdale—and I greet you as friends because you are Mrs. Roosevelt's personal friends and because I have heard so much about you.

Much has been written about you good people, about the conditions of life in certain towns in this part of the world and about

what the Government has done here at Arthurdale. The Nation has heard about Scotts Run with its very poor conditions of life, and the Nation has heard about Arthurdale with its vastly improved conditions of life. But I think I voice the thoughts of you who live here when I say to the country over the radio that about the last thing you would want would be to be publicized as some rare and special type of Americans.

Let me put it this way, and I think and hope that you will agree with me when I say:

In 1933 the whole Nation knew that it faced a crisis in economic conditions, but the Nation did not realize that it faced a crisis in social conditions. If anyone were to ask me what is the outstanding contribution that has been made to American life in the past 5 years, I would say without hesitation that it is the awakening of the social conscience of America.

As one part, and only one part, of the effort of your Government to improve social conditions, we undertook in dozens of places scattered over almost every part of the country, to set up, with the cooperation of the local people themselves, projects to provide better homes, a better chance to raise foodstuffs, and a better chance to make both ends meet in maintaining a reasonably decent standard of life through the passing years.

Many different types of projects were undertaken—some of them in wholly rural sections, some in cities, some in suburbs, some for industrial workers, some for miners, some, like Arthurdale, a combination of industry and farming. These projects represent something new and, because we in America had no experience along these lines, there were some failures—not a complete failure in the case of any given project, but partial failures due to bad guesses on economic subjects like new industries or lack of markets.

On the whole, however, the percentage of good guesses in the average of these projects has been extraordinarily high, and for this success the principal part of the credit properly should go to the individual families who, themselves, have come to live in these new communities.

The lessons we have all learned will save a hundred times their cost in dollars as fast as government or private capital—or as I hope, both—go on with the inevitable task of improving living conditions throughout the country and helping Americans to live as modern science has made it possible for them to live. The extra cost of pioneering ventures such as this represents development cost which we justifiably charge off as the inevitable cost of all progress—just as we have in the past charged off the huge government share in the development costs of the railroads, the cables, the airplanes, and the improved highways that made the automobile possible. But what is equally important to me, the lessons learned from this first bold Government venture will save human lives and human happiness as well as dollars in this march of progress ahead of us.

This is a high-school graduation, and I am speaking just as much to you who graduate today as to your parents and your grown-up friends. You are the citizens of tomorrow—not just this graduating class but thousands of other high school graduating classes in every State of the Union.

When you, today's graduates, were of grade-school age we, your elders in the United States, were asleep at the switch and your Government also was asleep at the switch. For many years other nations of the world were giving serious consideration to and taking definite action on social problems while we were pushing them aside with the idea that some day we would get around to meeting them.

We had heard of the ideals of ending child labor, of initiating a 5-day week, of shortening working hours, of putting a floor under wages, of clearing slums, of bringing electricity into homes, and of giving families the chance to build or buy a home on easy terms, of starting old-age pensions and unemployment insurance. But all these things were in the greater part a beautiful dream—a dream until government, 5 years ago, tired of waiting, stepped in and started to make the dreams come true.

Government has done little more than to start the ball rolling. Government knows how much more there remains to be done. But government hopes, now that it has taken the first risks and shown the way, that private capital and businessmen will see how much it is to their own advantage—and profit—to keep the ball rolling—and keep it rolling so well that the inevitable wider improvement in American social conditions will come about in normal course of private enterprise without compelling government to use large amounts of taxpayers' money to keep America up to date.

Many sincere people—good citizens with influence and money—have come to West Virginia mining towns in the past 2 or 3 years to see the conditions under which American families lived, conditions under which, unfortunately, many American families still live. Many of these people have come to see me after their visit to Scotts Run or similar places and have expressed to me their surprise and their horror at things they have seen. They have said: "I did not imagine that such conditions could exist in the United States."

They have wanted to help at the particular spot they have seen, but the lesson which I have found it difficult to get across to them has been the fact that they have seen only one spot or two spots—tiny, single spots on a map of the United States, a map which is covered over with hundreds and even thousands of similar spots. Un-American standards exist by no means in a few coal towns only. They exist in almost every industrial community, and they exist in very many of the farming counties of the country.

Now, of course, pending the time that private capital and private enterprise will take up the burden, the money Government thus spends to encourage the Nation to live better—especially that part of the Nation which most needs it—is taxpayers' money.

Two questions, therefore arise: Is that spending justified from the point of view of the individual taxpayer and how should the money be raised?

So far as the taxpayer's individual interest is concerned, I always look at it this way.

Taxes, local and State and Federal combined, are nowhere near as high in this country as they are in any other great nation that pretends to be up to date. If I were a businessman making and hoping to continue to make good profits, I would remind myself as I paid my income tax, moderate by the standards of other nations, that the most important factor in the kind of an active economic life in which profits can be made, is people—able, alert, competent, and up-to-date people—to produce and to consume. Money invested to make and keep the people of this Nation that kind of people is therefore a good business investment.

And if I were the same man thinking about inheritance taxes and what I could leave to my children, I would say to myself that to leave them a living in a nation of strong and able men and women is to leave them a better heritage of security than a few thousand dollars saved on an inheritance tax.

Now, how should taxes be paid?

For a great many years, the Nation as a whole has accepted the principle that taxes ought to be paid by individuals in accordance with their capacity to pay. To put it another way, it has meant a graduated tax on a man's increase in wealth. For instance, a poor man or poor family whose increase in wealth in a given year is below a certain figure pays no direct Federal taxes at all; when the family gains more than \$2,500 in a year the family pays a small percentage on these gains.

As the gains get still larger, the percentage of the tax goes up so that when a family's wealth increases to, say \$100,000 a year, they have to pay a third of it to the Federal Government. In the case of still richer people, they may have to pay more than half of their large incomes to the State and Federal governments.

Last week the Congress passed a new tax bill. It contained many good features—improvements in tax administration, the elimination of a number of nuisance taxes on articles in common use, the lightening of the tax burden on the small corporation as I recommended to the Congress last fall. I hope that these changes made by this tax bill may be helpful to business and that this belief may, in itself, be a factor in the revival of business enterprise.

But, on the other side of the ledger, I cannot help but regret that two very fundamental principles of government must once more be called to the attention of the public.

Both of them, stripped of every attempt to confuse, are extraordinarily simple and can be understood by every citizen.

In 1936 many large corporations, especially those owned or controlled by a comparatively small number of very rich stockholders were in the habit of failing to declare dividends they had earned. Thus, their stockholders were in a position to leave the profits their money had made in the controlled corporation—paying the Government on these profits only the normal corporation tax of from 10 to 15 percent. Thus, these stockholders avoided paying a personal-income tax at a rate which in many cases would have involved a tax payment of 50 percent or even higher because the stockholders were in what is known as the upper brackets of the personal-income tax.

The Treasury Department found many instances of closely held corporations which, starting with the comparatively modest capital of several million dollars, had, over a period of years, grown into corporations worth several hundreds of millions of dollars without ever declaring a dividend to their stockholders. This meant a definite, though of course strictly legal, device by which these stockholders greatly increased their wealth year by year without having to pay to the Government more than a normal corporation tax, thus escaping very large sums of personal-income-tax payments.

The Revenue Act of 1936 sought to end this serious loophole.

In principle, our objective was right, but in practice the act, as finally worked out in the Senate, undoubtedly did prevent many small corporations from normal and reasonable business expansion, from building up adequate surpluses, or from paying off old debts.

The tax bill this year sought to get rid of these inequitable features but to retain at the same time the principle of stopping tax avoidance. As finally passed, the bill retains that principle, but the penalty for withholding dividends to stockholders is so small—only 2½ percent at the most—that it is doubtful whether it will wholly eliminate the old tax avoidance practices of the past.

It is true that the bill seeks to strengthen the authority of the Government to act against companies which clearly seek to avoid surtaxes for their stockholders by failing to declare dividends out of their profits; and I hope that this new provision, together with the recent favorable decision of the Supreme Court in interpreting the prior law, will retard the revival of the old evil. It seems to me that it is the definite duty and interest of the public and of the legislative and executive branches of the Government to watch very closely to see what happens during the coming year.

We must always remember that this old method of greatly increasing private fortunes through the withholding of corporate dividends was open and useful only to those citizens who already

had wealth large enough to control these large corporations—people whose personal income was already large enough to put them in the higher surtax brackets.

The position of the administration is, therefore, this:

We are delighted to remove any existing barriers against every little business in the Nation which is seeking to set itself squarely on its own feet; seeking to pay off its debts and seeking to make a reasonable profit; but the administration does not want large, closely held corporations making large profits to be used as a vehicle by the small number of their owners in order to avoid legitimate income taxes.

For a number of years it has been recognized that this progressive taxation of wealth realistically should apply not only to salaries and dividends and bond coupons but also to other forms of wealth such as increase in one's capital by selling any form of property at a profit.

This new bill wholly eliminates the progressive tax principle with respect to these capital profits; it taxes small capital profits and large capital profits at exactly the same rate.

In other words, if you or I sell stocks, which we have held for a few years, at a profit of, let us say, \$5,000, we have to pay a tax of 15 percent on that profit; whereas, the man who has made a profit of \$500,000 on stocks he has owned is required, under this new bill, to pay a tax of only 15 percent, just as you and I would. Nobody, by any stretch of the imagination, can say that this new provision maintains the principle of payment in proportion to ability to pay.

Some people who have favored this abandonment of principle have justified their position on the ground that one has to abandon principles once in a while when there is an emergency and that the abandonment of this particular principle will encourage many rich men to take a risk with their capital and invest it in new enterprises.

But this school of thought finds it difficult to answer the fact that almost all—about 80 percent of all capital gains reported—are profits made in the stock market—profits made, not by developing new companies, but by buying stocks of old companies low and selling them high, or by the still possible method of selling stocks short—selling stocks you do not own—and then buying them in at a lower price.

The abandonment of the principle of progressive tax payments in accordance with capacity to pay may encourage a small amount of capital to go into new productive enterprises but, chiefly, it will help those who make large profits in buying and selling existing stocks.

New productive enterprise is not created by the buying of stocks of established companies when they are low and selling them when they are high. I should like to see a revision of our tax laws which would really encourage new enterprise and new investment and the undertaking by private capital of projects like this that the Government has undertaken here at Arthurdale. But there is no assurance that untaxed savings will go into such new investment or new enterprise. They may be hoarded or lost in the inflation or deflation that occurs in the shuffling about of existing investments.

We should adopt tax policies which will encourage men to venture and to build new productive wealth. Unless something is added to the combined wealth of the Nation, one man's capital gain may be nothing more than another man's capital loss.

It will be noted that in this analysis of this abandonment of principle, I have attacked no person. I have merely called the attention of the country to certain clear-cut inescapable facts—and especially to the fact that this tax bill which in many respects is a good one, actually abandons the accepted principle of progressive taxation at a point which is very important in our economic life.

Here again is an example of a provision of law which actually, and in plain English, gives an infinitely greater tax concession to the man who makes a very great profit than to the man who makes a comparatively small profit. It helps the very few, therefore, at the expense of the many. To carry on government a total sum has to be raised. If the many who make small capital gains have to pay the same rate as the few who make large capital gains, it means that the tax rate for the little fellow must be higher than if we had stuck to the accepted principle of a graduated tax.

In accordance with recommendations made during several past years, I hope that the Congress will undertake a broader program of improving the Federal tax system as a whole in the light of accepted principles of fairness in American taxation and of the necessary incentives in our economic life.

You will see the difficulty in which your President has been placed. This tax bill contains features that ought to become law, but it contains several undesirable features, especially the ones I have just been talking about.

If I sign the bill—and I have until midnight tonight to sign it—many people will think I approve the abandonment of an important principle of American taxation. If I veto the bill it will prevent many of the desirable features of it from going into effect.

Therefore, for the first time since I have been President, I am going to take the third course which is open to me.

I am going to let the act go into effect at midnight tonight without my approval.

By so doing, I call the definite attention of the American people to those unwise parts of the bill I have talked to you about

today—one of them which may restore in the future certain forms of tax avoidance, and of concentrated investment power, which we had begun to end, and the other a definite abandonment of a principle of tax policy long ago accepted as part of our American system.

Two things we can well remember.

The first is that our whole tax system—State, local, and Federal—can and must be greatly improved in the coming year.

The second is that we in this country are getting more practical results in the way of bettering the social conditions of the Nation out of our taxes than ever before in our history. That is why it is a pretty good idea to talk taxes not only to parents but to the younger generation of America.

I am proud of what I have seen here today and I am proud of all of you who are helping so greatly to make this community an American success.

SPECIAL BENEFITS TO THE WEALTHY

Mr. McFARLANE. I was very much surprised to hear that the President has been criticized for his attitude and statement with respect to the new tax bill. Personally I was very glad to hear the President express himself so vigorously against the special privileges written into the tax law for the benefit of the wealthy. I am proud to live in a country which has as its President a man who will not sign his name to a tax bill which grants such special privileges. Never in the history of the Federal income tax has any income-tax law contained such a number of special provisions for the benefit of Washington tax lobbyists and their clients as were written into the new tax bill while it was in the Senate.

Beginning with the income-tax law of 1913, 14 income-tax laws have been enacted since the adoption of the income-tax amendment to the Constitution. Nine of these laws have been passed during Democratic administrations. Five of them have been enacted during Republican administrations. Of these the new tax bill presents the most lamentable picture of special provisions for the special benefit of Washington tax lobbyists and their clients.

If we really want to know how the new tax bill was written we should make an investigation for the purpose of finding out what Washington tax lobbyists were especially interested in some of the special provisions written into the new tax law. We should find out the names of their clients who were benefited; we should also make them show the amount of these benefits. Just to give this inquiry a proper start, I suggest that the people should know the names of the Washington tax lobbyists and their clients who were especially interested in the following amendments made in the Senate:

Amendment No. 10, allowing a special method for taking inventories, as follows:

The cost of goods sold during any taxable year beginning after December 31, 1938, may be computed upon the last-in first-out basis if such basis conforms as nearly as may be to the best accounting practice in the trade or business and is regularly employed in keeping the books or records of the taxpayer; and the change to such basis shall be made for any year in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary to prevent the avoidance of tax. Any taxpayer who, for any taxable year, is permitted under the preceding sentence to change to such basis shall be considered to have made an irrevocable election with respect to such year and future taxable years and shall not be permitted to change from such basis in any subsequent taxable year.

Amendment No. 47, allowing a special basis for depreciation and for computing gain or loss upon a sale of property, which is as follows:

(18) Property received by a stockholder on complete liquidation of a corporation: If property is distributed to a stockholder in complete liquidation of a corporation and recognition of gain to such stockholder under section 115 (c) of this act is limited to the extent of the money distributed or his ratable share of the accumulated earnings or profits, whichever is greater, the basis shall be the same as the basis of his stock canceled or redeemed under the liquidation, increased in the amount of gain recognized to the stockholder.

Amendment No. 52, allowing a special exemption in the case of liquidations of certain corporations, which is as follows:

At the election of the shareholder, in the case of a complete liquidation of a corporation within the meaning of the preceding sentence which is completed prior to the end of the first taxable

year of the corporation beginning after December 31, 1937, in accordance with a plan of liquidation adopted within such taxable year, there shall be taxed as a dividend to each distributee the entire amount of the gain as is not in excess of his ratable share of the undivided earnings or profits of the corporation accumulated after February 28, 1913; the remainder, if any, of the gain shall be taxed as a capital gain, but only to the extent that the money distributed exceeds the amount of the gain which is taxed as a dividend. For the purpose of determining accumulated earnings or profits under this subsection, increase in value of property accrued shall not be treated as earnings or profits.

Amendment No. 79, allowing a special method of taxing amounts received on certain claims against the United States: The story behind this is really good. It is the talk of the Washington tax lobbyists. It shows what can be done if a taxpayer employs a Washington tax lobbyist to lobby for him. The special benefit which this amendment grants to one taxpayer is enough to shock the conscience of the entire American people.

(h) For the purposes of this title, any amount received by a taxpayer from the United States in respect of a claim against the United States involving the acquisition of property and remaining unpaid for more than 15 years shall be treated as received upon the sale of a capital asset consummated on the date of such receipt.

Amendment No. 182, allowing an exemption to certain manufacturers of toilet preparations, which is as follows:

And shall not apply to articles sold by the manufacturer, producer, or importer, after June 30, 1938, for 9 cents or less.

Amendment No. 183, exempting brewer's wort, malt sirup, and so forth, as follows:

(i) Brewer's wort, malt sirup, etc.: The tax imposed by section 601 (c) (2), as amended, of the Revenue Act of 1932 shall not apply to articles sold or imported after June 30, 1938.

Amendment No. 184, exempting transactions on the board of trade, as follows:

(j) Sales of produce for future delivery: The tax imposed by subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, shall not apply to sales, agreements of sale, or agreements to sell made after June 30, 1938. Effective July 1, 1938, section 726 (c) of the Revenue Act of 1932, as amended, is repealed.

Amendment No. 190, exempting imported rapeseed oil used in the manufacture of rubber substitutes or lubricating oil:

(F) The tax imposed under subparagraph (B) shall not apply to rapeseed oil imported to be used in the manufacture of rubber substitutes or lubricating oil, and the Commissioner of Customs shall, with the approval of the Secretary, prescribe methods and regulations to carry out this subparagraph.

Amendment No. 191, exempting coconut oil produced in Guam or American Samoa:

(G) The taxes imposed by this section shall not apply to any article, merchandise, or combination, by reason of the presence therein of any coconut oil produced in Guam or American Samoa, or any direct or indirect derivative of such oil.

Amendment No. 203, a reduction in the rate of tax on certain matches, strikes out:

There is hereby imposed on fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, sold by the manufacturer, producer, or importer, a tax of 5 cents per 1,000 matches.

And inserts:

(a) There is hereby imposed upon matches, sold by the manufacturer, producer, or importer, a tax of 2 cents per 1,000 matches, except that in the case of fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, the tax shall be 5 cents per 1,000 matches.

For some unknown reason, many of the amendments were permitted to stay in the tax bill. No wonder that the President refused to sign the bill. He had no other course, unless he wanted to put his stamp of approval upon the schemes and devices of the Washington tax lobbyists.

I am also glad to note the position of the President with respect to capital gains. Throughout the consideration of the tax bill I have maintained that the wealthy should not be given a special benefit with respect to their income which is received from capital gains. Previously in speaking on the

new tax bill—see page 2893 of the CONGRESSIONAL RECORD of March 4, 1938—I stated:

While the scheme proposed in the case of large taxpayers results in reduction in the capital-gains tax, this action stands out in contrast to the effect which the scheme will have on small taxpayers. Many of these under the plan will be forced to pay substantially more tax by reason of the brackets substituted for the present law. Furthermore, it appears that large taxpayers are always able to hold investments until the maximum tax advantage can be obtained, whereas the small taxpayers, either through necessity or expediency, find it convenient to take their gains within a shorter period.

CAPITAL-GAINS TAX, DEMOCRATIC OR REPUBLICAN?

In upholding the new tax law it is insisted by some that this law follows long-established principles of giving preferred treatment to capital gains. Now, I ask you who established these principles, the Democratic Party or the Republican Party? Let us look at the record and see.

The first income-tax law passed during the Civil War granted a special exemption with respect to capital gains. That law was enacted during a Republican administration. But look at the other side of the battlefield and see what the Democratic South was doing at that time. The Confederacy also had an income-tax law. That law contained no such grant of special privilege for those receiving capital gains. In the act of April 24, 1863, enacted by the Confederate States of America, one section imposed a tax on income and profits derived by each person, joint-stock company, and corporation, from every occupation, employment, or business, and from every investment or labor, skill, property or money, and the income and profits derived from any source whatever, except salaries; a separate section allows a provision that salaries be taxed. It should be noted that no discrimination is made with respect to capital gains, and that for this reason no special privilege was allowed with respect to such gains. Thus the Democratic South refused to follow the example set by the Republican Party in the North.

GROVER CLEVELAND REFUSED TO SIGN

The next income-tax law was passed in 1894 during the administration of Grover Cleveland, and was later declared unconstitutional. It followed the prior example of the Republican Party and provided for a special privilege to those receiving capital gains. However, it should be remembered to the glory of Grover Cleveland that he refused to sign the tax bill of 1894 and he let it become a law without his signature on August 28, 1894. It may also be remarked that President Roosevelt followed the same procedure with respect to the special-privilege tax law of 1938.

WOODROW WILSON FAVORED NO CAPITAL-GAINS SPECIAL PRIVILEGE

After the law of 1894 was declared unconstitutional, no further income-tax laws were enacted until after the adoption of the income-tax amendment to the Constitution in 1913. At that time Woodrow Wilson was President. During his administration, four income-tax laws were passed: The Revenue Act of 1913, the Revenue Act of 1916, the Revenue Act of 1917, and the Revenue Act of 1918. None of these acts contained any provision for special privilege with respect to capital gains, such as that later written into the act. However, President Wilson's term of office expired March 4, 1921, and on November 23, 1921, the Harding administration enacted the income-tax law of 1921. Into this law the Republican Party wrote special-privilege provisions with respect to capital gains. Those provisions were kept in the law throughout the 12 long years of Republican privilege dealing. Year after year the wealthy capitalists paid little tax on capital gains.

WILL SPECIAL PRIVILEGE ALWAYS BE ENTHRONED?

Then in 1934, during the present administration an attempt was made to take away this privilege. We succeeded only in part, for the privilege was allowed to remain with reduced benefits to be derived from it. Some of us have had hope that the time would come when the remainder of this special privilege would be swept away. That is to say, we had hope until the revenue bill of 1938 became a law. Today the picture is a dark one. The Republican special privileges

have been rewritten into the law with respect to capital gains, and the President is criticized because he objects to such special privileges. The wealthy taxpayers would have the President follow the path taken by Harding, Coolidge, and Hoover. This path, so they say, is the long-established path. Yes, but they fail to tell you who established that path. The illustrious Grover Cleveland refused to put his name on such path. Our own Woodrow Wilson never trod such a path. In short, we should explain to the people that the new tax law upholds the special privilege long held dear to the hearts of Wall Street and the Republican Party. And we should ask ourselves whether we are going to follow the Democrats, Cleveland, Wilson, and Roosevelt, or follow the Republicans, Harding, Coolidge, and Hoover. I, for one, do not believe that we should go Republican when taxing capital gains.

TAX LOOPHOLES GO ON FOREVER

The new tax bill is also disappointing in that it does not in any way fulfill the previous promise to stop improper tax evasion. Instead the new tax bill opens wider the opportunity for evasion by the wealthy and for special tax benefits to them.

Like the President, many Members of Congress have been interested in preventing tax evasion. Periodically during this administration committees have been appointed by Congress to study the tax laws and recommend necessary legislation in regard to evasion. In addition to this, certain Members of Congress have taken the floor to call attention to methods of evasion and have sought to secure legislation to prevent such unjust results.

On several occasions I have pointed out and itemized a large number of tax loopholes through which more than \$1,000,000,000 in revenue is being lost annually.

Despite all this talk about tax loopholes, little action has been taken. In 1934 a committee of Congress made its report recommending many changes, but only a few of the recommended changes were ever made and the ones made were only minor ones. Again in 1937 after several weeks of investigation, which daily made the headlines of our newspapers, the investigating committee made a number of recommendations of major importance in preventing evasion, but the action secured was only a drop in the bucket, and a promise that in 1938 the Treasury would submit drafts for a bill which would do the complete job. The 1938 tax bill does not contain a single trace of the 1937 promise to give us a comprehensive bill to prevent evasion.

MORE AND BIGGER LOOPHOLES

In this respect the new tax bill is not unlike its predecessors. It is not a bill to plug the loopholes. On the contrary, it contains new loopholes. No attempts are made in this bill to put a stop to tax-evasion schemes and devices contrived by those whose incomes are so large that they can employ tax lawyers to devise means of escape. Instead, if the reports as to the tax lobbyists in Washington are correct, it would appear that every tax lobbyist has succeeded in getting something into the new tax bill.

The spirit of the new tax bill is twofold. The first purpose is an important one. It is to remove the mistake which was made in 1936 in subjecting the little corporations to the undistributed-profits tax. All, including the President, agree that the little corporations should never have been subjected to the undistributed-profits tax.

The second purpose of the new tax bill is to reduce the income tax upon big corporations and wealthy individuals.

OUT-HOOVERS MR. HOOVER

In its report on the bill, the Senate Finance Committee maintains that this will bring about greater business activity and a freer flow of capital into productive enterprises. In other words, the Senate committee maintained that a reduction of the taxes on the rich will pull us out of the present recession. This, you may recall, is an old doctrine subscribed to in the Hoover days. In fact, one of Mr. Hoover's first moves after the crash in 1929 was to put through a reduction in taxes. This was supposed to pre-

vent any serious depression. You all know how this failed to work and what happened after the tax reduction. We finally sank to the low of March 1933. In view of this, it would seem impossible for any person to believe that cutting the tax bill of the rich will save us from a recession. Yet, this is exactly what those favoring the new tax bill wish to try. In other words, it proposes to out-Hoover Mr. Hoover.

One of the major tax reductions allowed in the new tax bill is that designed to cut the taxes of the large owners and speculators in stocks and bonds. It makes this tax reduction by lowering the tax rates on capital gains, for under the tax bill capital gains include the profits made in selling stocks and bonds. This tax cut has been the spear head of the Wall Street crowd in their propaganda for reducing the taxes of the wealthy.

ANOTHER WALL STREETERS' DOLE

The reason why the Wall Streeters are so anxious to reduce this tax is not difficult to understand. In 1933 when the stock market hit its low point, those with large means bought all the stocks they could get at the low prices. Since that time, due to the efforts of this administration, conditions have greatly improved and stocks have gone up enormously in value over the 1933 prices. But at the present time conditions do not look so good. The persons who purchased stocks in 1933 have huge profits, and they now want to sell their stock and take their profits. More than that, they want to pay as little tax as they can on their profits.

In other words, the people who had large resources in 1933 with which to buy stocks, the people who profited most from the recovery program under this administration, these people are the ones who want to be first to live to receive large reductions in taxes. They are the ones who want a reduction in the tax on capital gains.

At this point, I may say that I do not favor giving such preferred treatment to the profits derived from speculation or investments in the stock market. Our income-tax law has long given preferred treatment to such profits, but I do not think it is right. The person makes such profits, enjoys all the benefits of living in the United States, and he should pay the same tax which our citizens pay. If a man has a grocery store in Texas and makes \$5,000 selling to his customers, he has to pay a tax on \$5,000. But under the new income-tax law if a man in New York buys some stock and sells it on the stock market at a profit of \$50,000 he gets a special tax rate. This is the Republican method of taxation.

Under the new tax bill one who sells stocks and bonds at a profit is given preferred treatment, and the big speculator will receive such preferred treatment while the little fellow who has capital gains will not receive preferred treatment. This result was secured by changing the rate on capital gains so that it cannot exceed 15 percent. Thus, a small taxpayer who sells his business or some stocks which he holds for a profit of \$5,000, will not get preferred treatment, but a big speculator who buys stocks, holds them 2 years and sells them at a profit of \$100,000, will receive a \$19,000 tax reduction which is given him solely because he made this money in the stock market.

At this point I may add that this is typical of the new tax bill. The big tax reductions which you read about in the newspapers are designed for the benefit of the big taxpayer, and not for the little fellow.

THE UNDISTRIBUTED-PROFITS TAX IS SOUND

The second major proposal sought for the benefit of big business is out-and-out repeal of the corporation tax on undistributed profits. On this point, let me call to your attention the reason why this tax was adopted in 1936. Preceding the adoption of this tax, the President sent a message to Congress on March 3, 1936, in which he said:

I invite your attention, however, to a form of tax which would accomplish an important tax reform, remove two major inequalities in our tax system, and stop "leaks" in present surtaxes.

Extended study of methods of improving present taxes on income from business warrants the consideration of changes to pro-

vide a fairer distribution of the tax load among all the beneficial owners of business profits, whether derived from unincorporated enterprises or from incorporated businesses and whether distributed to the real owners as earned or withheld from them. The existing difference between corporate taxes and those imposed on owners of unincorporated businesses renders incorporation of small business difficult or impossible.

The accumulation of surplus in corporations controlled by taxpayers with large incomes is encouraged by the present freedom of undistributed corporate income from surtaxes. Since stockholders are the beneficial owners of both distributed and undistributed corporate income, the aim, as a matter of fundamental equity, should be to seek equality of tax burden on all corporate income, whether distributed or withheld from the beneficial owners. As the law now stands, our corporate taxes dip too deeply into the shares of corporate earnings going to stockholders who need the disbursement of dividends, while the shares of stockholders who can afford to leave earnings undistributed escape current surtaxes altogether.

DEMOCRATIC PARTY HAS LONG FAVORED THE UNDISTRIBUTED-PROFITS TAX

In response to this message of the President, the corporation tax on undistributed profits was adopted. Such tax was very similar to that passed by the Senate on May 7, 1924—see RECORD, pages 8032-8033—except that the rates in the 1936 act ranged from 7 percent to 27 percent, whereas the prior Democratic efforts to impose such a tax would have made the rates range from one-half of 1 percent to 59 percent. Now, it appears that less than 2 years later, without taking any exception to this statement of the President, without any figures to show his statement to be untrue, without any published figures by the Treasury to contradict the President, the new tax bill has returned us to the old order of tax evasion by reducing the undistributed-profits tax to a mere shadow to permit big business to use corporations as devices to escape tax.

The use of a corporation to escape tax is one of the oldest and easiest methods of tax evasion known to our income-tax law. For example, if a person has a business in which he makes \$100,000 a year, if he is unincorporated, he would pay an income tax of approximately \$39,000; but if he incorporates his business, under the new tax bill, the corporation will pay a tax of only \$19,000. In other words, the corporation tax is less than one-half the tax on an individual.

Here again it is proposed that the wealthiest shall receive the largest benefits. For example, an individual with a business income of \$100,000 will save 51 percent of the tax by incorporating, but an individual with a business of \$500,000 will save approximately 70 percent of the tax by incorporating.

There are different ways by which this absurd result can be eliminated. The Revenue Act of 1936, which has been abandoned, followed one of the different methods which possibly might be used. That method was adopted in 1936, after the President called attention to this unusual way of escape.

HOOVER'S TAX REDUCTION IN 1929 DID NOT BRING PROSPERITY

The new tax law reduces the undistributed-profits tax to a shadow. As in the old days, the stalwarts of reaction would have us believe that the big corporations will promptly begin building bigger factories and hiring more men just as soon as the tax bill is passed. However, millions of people in this country know that this is not so. The big corporations did not build bigger factories and increase employment in 1929, when the Hoover administration reduced the taxes on these corporations. They will not do it now, and I shall tell you why.

THE REVENUE ACT OF 1938 WILL NOT BRING PROSPERITY, EXCEPT FOR THE WEALTHY

Every business index shows that, beginning in September of 1937, business activity in this country went into a tail spin and has decreased to the 1934 level. The steel mills are running at about 35 percent of capacity, whereas a year ago they were up to 90 percent of capacity. The prices of wheat and cotton are less than 55 percent of their prices a year ago. Unemployment has rapidly increased, 4,000,000 losing their jobs in 6 months. These facts we all know. We also know that the big corporations do not build new plants and increase employment in the face of these conditions. They will

employ more men when, and only when, they receive sufficient orders to require such employment.

The mere passage of a new tax bill is not going to give them more orders. They will not, out of the bounty of their hearts, employ more men just because 12,000,000 men are unemployed.

WE CANNOT FEED THE UNEMPLOYED BY REDUCING REVENUES

If these 12,000,000 unemployed are given jobs, the Government will have to provide the jobs. The Government will have to do this, even though we are in a recession and Government revenues will soon begin to fall off. Perhaps I should not mention the coming drop in Government revenues, for that is one of the secrets which apparently is not to be told in connection with this tax bill. But I happen to be one of those persons who do not believe in Government officials keeping such secrets from the people.

I believe that the people should know that it is now dead certain that within a short time the Government revenues will be going into a tail spin, and that there is nothing in the present tax bill to prevent it. Apparently this is the reason why during the consideration of the tax bill the Treasury has never submitted to the Members of Congress any figures which definitely show how much revenue the tax bill will produce. The Treasury has not submitted any such figures, even though requested by Members of Congress. This year is, so I understand, the first time in many years when a major tax bill has been considered without the Treasury supplying careful estimates of the revenue to be produced under the bill. Why did not the Treasury do so this time?

The answer to this is clear. Big business wants the new tax bill to be called a \$5,300,000,000 tax bill. No one can believe that it will begin to raise that much money. But big business knows that if 120,000,000 people were told how little revenue the tax bill will produce, there would not be any such tax bill. Within my experience in Congress I have never witnessed a more deliberate attempt to deceive the American people.

TAX EXEMPTIONS, LOOPHOLES, AND CUSHIONS DO NOT RAISE REVENUE

The common sense of the American people should rebel against such trickery. Everyone should know that a business recession is always followed by a drop in Government revenues, unless taxes are increased. This bill does not increase taxes. It repeals taxes and lowers the ones retained. In addition to the special privileges referred to above, it lowers the capital-gains tax. It reduces the undistributed-profits tax to a mere shadow. It repeals the excise tax on speculators in commodities who buy and sell on the Board of Trade. It reduces the tax on tires and inner tubes. It removes the tax on oil imported for use in manufacturing rubber substitutes. It provides a new device for lowering the capital-stock tax and excess-profits tax. Those who formed personal holding companies to evade tax are permitted special treatment in liquidating such corporations. With these changes and others like them, no one can honestly say that the bill itself will not reduce the revenues.

In addition to this, it is imminent that there will be a drop in revenues due to the recession. However, all of this was ignored in drafting the new bill. Moreover, the drafters of this bill also ignored the fact that more money must be spent to care for the unemployment during the present recession. This tax bill ignores existing conditions and, in instance after instance, cuts the taxes on those most able to pay. How little revenue the bill will produce is, according to my information, to be kept a secret as long as possible and, if possible, until after the elections.

WHAT NEXT—A SALES TAX ON THE POOR?

In view of the present conditions and the certain loss in revenues, it is my prediction that the new tax bill is the first step toward a general sales tax. It is also my prediction that after the November elections we shall hear more about sales taxes. In other words, the new tax law has provided the first step in the drive to shift from the wealthy to the poor a greater share of the tax burden.

HOW THEY PUT IT OVER FOR THE WEALTHY

For the purpose of illustrating the tax reductions and exemptions allowed by the new tax bill in the face of a recession and a certain drop in revenues, I submit the following:

First. Under section 14, of the Revenue Act of 1936, the corporation surtax on undistributed profits was fixed at graduated rates of 7 percent, 12 percent, 17 percent, 22 percent, and 27 percent. Under section 13 of the new tax law, the tax on undistributed profits is only 2½ percent (and, as noted below, further cushions are allowed).

Second. A new cushion is provided with respect to deficits. See section 27 (a) (3).

Third. Another cushion is given with respect to corporation debts. (Query: What tax lobbyist obtained this?) See section 27 (a) (4).

Fourth. A new cushion is also given to allow corporations to carry forward losses, which is an adaptation of a Republican provision. See sections 26 (c) (2) and 27 (b) (2).

Fifth. Personal holding companies, which are companies especially designed to evade tax, are given a cushion which is called a dividend carry-over. See section 405 (a).

Sixth. These same corporations are also allowed a cushion which gives them the benefit of dividend payments made after the close of the year. See section 405 (c).

Seventh. Certain finance companies are exempted from the tax on personal holding companies. This accommodates a Washington tax lobbyist. See section 402 (b).

Eighth. Public utility companies are exempted on certain transactions ordered by the Securities and Exchange Commission. See section 371.

Ninth. The tax on capital gains is reduced as pointed out by the President. See section 117.

Tenth. Special methods of taking inventories are permitted certain industries. This will permit the clients of certain Washington tax lobbyists to receive special privilege. See section 22 (d).

Eleventh. A higher basis for depreciation and the computation of gain or loss is allowed with respect to property received in certain tax-free corporate reorganizations. See sections 113 (a) (7) and 807.

Twelfth. A similar benefit is given with respect to property received on certain tax-free liquidations of corporations. It satisfies the clients of certain tax lobbyists. See sections 113 (a) (15) and 808.

Thirteenth. Amounts received on certain claims against the United States are exempted from tax (another victory for Washington tax lobbyists). See section 106.

Fourteenth. A new way for reducing the capital-stock tax is allowed under a special 3-year valuation scheme (another clever scheme). See section 601.

Fifteenth. Tax on tooth and mouth washes, dentifrices, tooth pastes, and toilet soaps is repealed (you name the companies receiving the benefits of this). See section 701.

Sixteenth. The tax on furs is repealed (this is not for the benefit of the poor, in case you are in doubt). See section 701.

Seventeenth. The tax on phonograph records is repealed (it is not difficult to count the companies benefited by this). See section 701.

Eighteenth. The tax on sporting goods is repealed (this is tax relief for the poor golfers, but more directly it is for the benefit of one or two companies who manufacture these goods). See section 701.

Nineteenth. The tax on cameras and camera lenses is repealed. (The Kodak company steps into line to receive its handout.) See section 701.

Twentieth. The tax on chewing gum is repealed (and will Mr. Wrigley be pleased). See section 701.

Twenty-first. The tax on producers and refiners of crude petroleum is repealed. See section 701 (note that the tax was on the producers).

Twenty-second. The tax on brewer's wort, liquid malt, malt sirup, and malt extract is repealed. See section 701. The brewing industry will no doubt recover with this privilege.

Twenty-third. The stamp tax on sales of produce for future delivery is repealed. See section 701. That helps those speculating on the board of trade.

Twenty-fourth. The tax on paper and plain wood matches is repealed. See section 707. This will bear a little investigation.

Twenty-fifth. The tax on imported hempseed, imported perilla seed, and imported sesame seed is reduced from 2 cents per pound to 1.24, 1.38, and 1.18 cents, respectively. See section 702.

Twenty-sixth. The tax on imported rapeseed oil is repealed as to such oil used in making rubber substitutes or lubricating oil. See section 702. What companies do you suppose receive this benefit?

Twenty-seventh. The import tax on coconut oil produced in Guam or American Samoa is repealed. This is for the benefit of those importers who are financially interested. See section 702 (a), (b).

Twenty-eighth. The tax on palm oil used in the manufacture of terneplate is repealed, for the benefit of those qualifying. See section 703. If there is anyone who does not qualify, it is his own fault. He should have employed a tax lobbyist.

Twenty-ninth. Certain compounds are exempted from the tax on filled cheese, for the purpose of helping the cheese companies. See section 706. Is there anyone who does not know the answer to this? If not, then we should investigate.

In conclusion let me say that it seems to be generally admitted that a new tax bill will be badly needed early next session. The question is what kind of a tax bill and who will write it? Will the chosen representatives of the people be permitted to write a tax bill in keeping with the long-established Democratic principles of Thomas Jefferson, "Equal rights to all and special privileges to none," or will the tax lobbyists of Washington be able to continue to write the tax laws, through which their wealthy clients escape a large portion of the taxes they should pay?

EXTENSION OF REMARKS

Mr. FLETCHER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Record with reference to amendments I have introduced to the Social Security Act and the Old Age Pension Act.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a short but very powerful editorial on tolerance and understanding which recently appeared in the Boston Herald.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. COLMER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLMER. Mr. Speaker, most of the Members of the House are familiar with one of the products that the Mississippi coast excels in, having partaken of that delicacy, the sea food, that comes from that area.

I rise this morning to call the attention of the Members of the House to another product which that delightful section of this country excels in, and that is its young manhood. Today at this very hour there is graduating from the Naval Academy at Annapolis, Md., as the honor man of his class, John E. Dacey, Jr., who hails from Biloxi, Miss. [Applause.]

In view of the fact that this young man happens to be my first appointee to the Naval Academy I feel I am justified in taking pride in announcing to my colleagues this fact.

Moreover, Mr. Speaker, this young man is remarkable in several ways. In addition to have led his class throughout the 4 years of his stay at that academy he has received

several outstanding awards there. I might also add that he was an outstanding student at the Biloxi High School from which he graduated. At high school he gathered in practically all of the honors offered, even as he has done at the Naval Academy. Unlike most young men who receive appointments to the Naval and Military Academies he did not attend a preparatory school to prepare for entrance to the academy. On the contrary, he went directly from high school to the Naval Academy. His record in high school was replete with honors and there, too, he was the valedictorian of his class.

On today he is handed his diploma by the President of the United States. Tomorrow he enters the service of his country which has spent so much for his education and training. That he will not fail his country as he has not failed his parents and his instructors is quite evident. Surely the chances that he will be an admiral of the future are better than even.

EXTENSION OF REMARKS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include certain correspondence with the Secretary of State.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CHIPPEWA INDIANS OF MINNESOTA

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4544) to divide the funds of the Chippewa Indians of Minnesota between the Red Lake Band and the remainder of the Chippewa Indians of Minnesota, organized as the Minnesota Chippewa Tribe, and ask for its repassage.

The SPEAKER. Has the gentleman from Minnesota consulted with the chairman of the Committee on Indian Affairs in reference to this resolution?

Mr. BUCKLER of Minnesota. No; but this bill was on the Consent Calendar and was passed by the House 2 or 3 weeks ago. It has come back from the Senate with a few amendments that do not amount to very much. It is a bill to divide the funds of the Chippewa Indians of Minnesota between two bands of Indians. There are no objections that I know of.

Mr. RAYBURN. Mr. Speaker, the gentleman has not consulted members of the Committee on Indian Affairs, and I will therefore have to object.

The SPEAKER. Objection is heard.

PROPOSED REMEDIAL WORKS AT NIAGARA FALLS AND THE NEWLY SUGGESTED ST. LAWRENCE TREATY

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDREWS. Mr. Speaker, with the announcement by the Secretary of State on yesterday of the President's new proposal for a St. Lawrence waterway project, it is apparent that the President refuses to consider as a separate project that for remedial works at Niagara Falls to preserve the crests of the two falls. Much sentiment on both sides of the international boundary has favored an immediate international agreement so that this project might be carried out, but the President insists in coupling it up with his ideas for the waterway, which is still bitterly opposed in New York State, and I fail to see any new reasons for the waterway treaty being adopted either by Canada or the United States Senate.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a letter from the President, dated March 25, 1938, which since then has been regarded as confidential, together with a letter from the Prime Minister of Ontario, Mr. Hepburn, on the general waterway subject, and a portion of which refers to Niagara Falls.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDREWS. Mr. Speaker, the letters referred to are as follows:

[Confidential]

THE WHITE HOUSE,
Washington, March 25, 1938.

MY DEAR CONGRESSMAN ANDREWS: This will acknowledge your letter of February 14, 1938, enclosing a copy of the booklet entitled "Weir Construction at Niagara," and expressing an interest in the question of further developments in the matter of the proposed remedial works at Niagara.

The receipt is also acknowledged of your letter of February 17, 1938, enclosing an excerpt from the CONGRESSIONAL RECORD embodying the text of a communication, dated February 12, 1938, addressed to you by Premier Hepburn, of Ontario, together with a brief statement made by you.

With regard to your first communication, I appreciate your interest and assure you that I am doing everything possible to further the undertaking of these works in connection with a general program for the utilization of the Great Lakes-St. Lawrence Basin in the interests of both Canada and the United States. You have in mind, of course, that in the 1929 Convention and Protocol for the Preservation of Niagara Falls the proposed works were definitely associated with provision for additional diversion at Niagara for power purposes.

Changes in the conditions upon which the 1909 boundary waters treaty allocated water for power purposes, especially the obsolescence, in terms of efficient utilization of Niagara water, of the then existing power projects, render a reconsideration of the entire question urgent in the interest of both New York State and the Province of Ontario.

Furthermore, the problems of Niagara cannot be dissociated from the broader problems of the entire basin. Thus, certain provisions of the St. Lawrence treaty of 1932 would alter materially the outflow of Lake Erie through the Niagara River, in turn affecting the water available for scenic effects and for power diversion.

The policy of the United States Government in dealing with such matters must be governed by the widest interest of the country as a whole, and not by the specific interest of any one section. In international matters it must also take account of the needs and desires of a neighboring people.

For instance, the citizens of your State and the Province of Ontario are entitled to the use, as their needs require, of the large additional supplies of cheap power which can be made available under a general agreement between the United States and Canada such as I contemplate. This agreement can be made a simple embodiment of a plan for the ultimate utilization to the full of the available power in both the Niagara and St. Lawrence Rivers. If such a treaty were completed this year, the new supplies of power would not be available for from 5 to 7 years at the earliest.

In the use of unusual hydroelectric resources of this order plans must be initiated far in advance if supplies are to fit into the assured growth of demand. Only as such plans are initiated today can the United States be protected against the real danger of continued and increasing dependence on foreign sources for the future supply of cheap hydroelectric power which is so essential to modern industrial development in the Northeast.

You are no doubt aware of the fact that failure to secure a treaty making possible the St. Lawrence power development some years ago compelled the Province of Ontario to contract for large supplies of power from private companies in the Province of Quebec. Similarly, arrangements are under way which, if completed, would make New York dependent for a portion of its power supply upon the Province of Quebec at a price considerably above the cost of similar power supplies from the proposed joint development of the international section of the St. Lawrence River.

The result would be that new industrial development would find cheaper power available in Quebec than in the Northeastern section of the United States. I need hardly call your attention to the effect of this in terms of peacetime prosperity. But I must emphasize the grave danger to the United States implicit in such a situation in case of war, for such industries are in many instances readily transferable to the production of munitions and other war supplies. Reference to the situation in 1918 will, I believe, convince you that the development of a nation's own hydroelectric power resources in advance is an important factor in national defense.

I am sure that a review of all the factors involved will convince you that a piecemeal approach to settlement of the questions involved in joint use of the Great Lakes-St. Lawrence Basin would not serve the ultimate interests of either the United States or Canada. Full cooperation of all interested in specific aspects of the matter should assure the early consummation of a general treaty containing ample provision for the separate but not separable objectives.

With regard to your communication of February 17, and the enclosures thereto, I am not in a position to comment on the observations communicated to you directly by Premier Hepburn, of Ontario. International usage prescribes the proper channels through which the views of one government shall be made known to another and it has been found in practice that deviations from the accepted course are more apt to cause confusion and delay than to facilitate the reaching of an agreement.

I am returning to you Mr. Hepburn's letter.

Very truly yours,

FRANKLIN D. ROOSEVELT.

ONTARIO,
OFFICE OF THE PRIME MINISTER
AND PRESIDENT OF THE COUNCIL,
Toronto, February 12, 1938.

DEAR MR. ANDREWS: I have followed with great interest the debate now being carried on with respect to the Chicago Drainage Canal. I was particularly impressed with the statement of Governor Lehman, of New York, in which he said, "The present diversion is causing millions of dollars of damage to the commerce and industries of New York State." This brings to my mind the discussion we had with regard to Ontario's proposal to divert certain waters into the Great Lakes system. In order to refresh your mind may I briefly outline our proposals. The first mentioned involves the diversion of what is known as Long Lac into Lake Superior, with the hope that an additional 1,200 cubic feet per second can be added to the Great Lakes system.

The Ogoki River diversion is a somewhat larger project. This river is one of the two principal tributaries to the Albany. By constructing certain dams our engineers advise that we can raise the water some 35 feet, which would divert the entire flow southward through Lake Nipigon and into Lake Superior. Approximately 4,000 cubic feet per second would thus be added to the Great Lakes system, which undoubtedly would be of substantial benefit to navigation. While I do not wish to be drawn into the controversy regarding the Chicago Drainage Canal, I am satisfied that the proposal to divert the waters will not result in the waters having to find their way into Lake Michigan and pouring down the Chicago Drainage Canal. The latter channel is situated on Lake Michigan and the flow of water is not from the Great Lakes System into Lake Michigan, but from Lake Michigan into the Great Lakes. There are no outlets from Lake Michigan except the Strait of Mackinac and through it into Lake Huron, except for the Chicago Drainage Canal's withdrawal, which at present amounts to 5,000 cubic feet per second. Lake Michigan adds to the general system the entire capacity of its drainage area.

The immediate advantage to Ontario would be to open up the great timber areas now inaccessible and to provide water power at points where the increasing demand is putting us in a position where we will not be able to supply the natural needs by, it is estimated, 1940. The main obstacle at the moment appears to be that we cannot separate the problem of diverting Ontario's waters into the Great Lakes system from the general scheme known as the St. Lawrence waterways.

In view of the tremendous economic advantage the Province would receive, for the reasons referred to, the Government is willing to forego any discussion regarding further diversion at Niagara, or the St. Lawrence scheme, should some exchange of notes between Washington and Ottawa permit Ontario to carry out the schemes referred to. The cost of the Long Lac diversion is estimated at \$1,340,000, and the preliminary estimates for the Ogoki indicate the cost will be in the neighborhood of \$3,250,000. At the present time work is already under way with respect to the Long Lac diversion, but due to international complications it is not our intention to have a continuous flow of water, only diverting sufficient to transport pulpwood for the open-season months, during which time river operations are carried on. During the remainder of the year no water will be carried through the Canal.

In view of your tremendous interest in the Great Lakes problems, as indicated by the conversation we had some while ago, I am sure you will render any support possible in order to bring about a settlement of this complicated problem. I have had further reports from our departments of game and fisheries and health, and it appears that if we can increase the flow of water through the Detroit and Niagara Rivers to the extent of 5,200 cubic feet per second, it will assist materially the problem of river pollution. Another added advantage would be to increase the flow over the falls at Niagara, which in the opinion of some engineers, would prevent a repetition of the terrible disaster which occurred there a few weeks ago, resulting in the loss of the international bridge, and damages to our Ontario power plant, the extent of which cannot be estimated at the present time. It is quite obvious that by diverting so much water above the Falls we are not leaving sufficient flow to take care of certain ice conditions. I wish, however, to reaffirm our position regarding the ultimate effect of the waters proposed to be diverted under the schemes referred to. At the present time, having settled with the Quebec power companies, we have now available sufficient power reserves to take care of our ordinary requirements for another 10 years and there is little or no likelihood that the question of further diversion at Niagara will be considered. However, on checking the files in our departments I find that the St. Lawrence Deep Waterway Treaty signed at Washington on July 18, 1932, but not ratified, contained a provision for the retention for the benefit of Canada of any water diverted into the Great Lakes system, for I quote paragraph (d) of article VIII in the treaty, which reads as follows:

"The high contracting parties, recognizing their common interest in the preservation of the levels of the Great Lakes system, agree: That, in the event of diversions being made into the Great Lakes system from watershed lying wholly within the borders of either country, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall, notwithstanding the provisions of article IV (a), be vested in the country diverting such waters, and the quantity of water so diverted shall be at all times available to that country for use for power below the

point of diversion, so long as it constitutes a part of boundary waters."

I am pleased to note by your letter that the President was sufficiently interested to discuss the Niagara problem with you personally. In our country we have untold millions invested in our railway systems which today are operating at a loss of approximately \$1,000,000 per week. Being thus involved it does not seem economically sound to create another avenue of transportation when we are losing in the manner referred to, nor is there any need for further power development, inasmuch as we have a tremendous surplus and are seeking at this moment the right to export to the United States. I do hope, however, that the President can see his way clear to separate the proposed St. Lawrence waterway scheme from other problems which have to do wholly with the waters above Niagara.

Yours sincerely,

M. F. HEPBURN.

EXTENSION OF REMARKS

Mr. CULKIN asked and was given permission to extend his own remarks in the RECORD.

Mr. CITRON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a speech delivered by the Secretary of War.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. BOREN. Mr. Speaker, I ask unanimous consent to include in an extension of my remarks extracts from certain letters about my record in Congress.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. VOORHIS. Mr. Speaker, I ask unanimous consent to include in an extension of my remarks a short resolution by the board of supervisors of Los Angeles County.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DALY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by my colleague the gentleman from New Jersey [Mr. WOLVERTON] in Camden last week.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CULKIN. Mr. Speaker, in view of the request of the gentleman from New York [Mr. ANDREWS], I ask unanimous consent to revise and extend my remarks in the RECORD and include therein correspondence between the Secretary of State and the Minister from Canada, and the proposed treaty, on the subject of the St. Lawrence waterway.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, permission to address you has been asked so that the attention of the House might be called to the manner in which the police in Detroit are misusing the U. A. W. A. strikers.

Heretofore, for some reason best known to photographers, reporters, and publishers, columns have been filled with the brutality of the police when conflicts have occurred between strikers and police.

When pictures have accompanied these articles those pictures have shown in almost every instance two or three police engaged in pulling, hauling, carrying, or beating a striker. This notwithstanding the fact that in almost as many instances the news reports showed that the strikers outnumbered the police as many as a hundred to one. Frequently, the proportion of strikers to police was far greater.

This, too, notwithstanding the fact that the lists of those injured frequently showed that far more innocent bystanders and police suffered from violence than did strikers.

If there was a woman around about the vicinity of the strike, even though the workers in the factory struck were all men, almost invariably a picture of her being man-handled by police occupied a prominent place.

It may be that this partiality toward exhibiting strikers as victims, rather than as aggressors, was due to the well-known fact that police the country over, and especially those engaged in strike activities, have been especially forbearing; have, like Job, shown unlimited patience; have not once but many times turned the other cheek; have suffered every conceivable indignity and humiliation in an attempt to avoid violence.

After every strike U. A. W. A. and C. I. O. spokesmen get to the front with claims of brutality on the part of law-enforcing officers; this notwithstanding the fact policemen have never been known to appear on the scene where there was peaceful, lawful picketing.

As a rule, it is only where strikers, armed, form lines which prevent peaceful workers from going to their places of employment that police make any attempt to interfere.

Were the tables turned and members of U. A. W. A. or C. I. O. intent on reaching their working places in factory or mill and were they prevented from so doing by citizens generally or by other workers who were seeking their jobs, the C. I. O. and U. A. W. A. boys would gladly welcome the assistance of the police.

The particular incident which I wish to call to your attention is that depicted by this picture which I hold before you—and you will find it in a recent issue of the *Detroit News*—which shows the staffs which the strikers used to hold their placards aloft.

These placards were pieces of pasteboard 6 by 8 or 8 by 10 inches in dimension. Of course, they were somewhat weighty. So that they might be held aloft, each striker provided himself with a standard or staff on which to hold one. These standards or staffs were 2 inches square—2 by 2's—each 3 feet long.

It can readily be seen that a standard but an inch square or, for example, a half inch thick and an inch wide would not be strong enough to sustain the weight of a piece of cardboard 8 by 10. If you doubt it, try it yourself and notice how the weight of the cardboard makes the staff bend and sway, even though there be no breeze.

So that these cards might be held aloft and plain to the view of the multitude, the strikers, as stated, fastened them to a 2-inch square, 3-foot shaft. How were they fastened? By tacks or by twentypenny spikes?

The picture in the paper does not disclose, although it does show plainly the head of the tacks or spikes. True, a tack would hold, but a twentypenny spike would hold much better.

And not only that, but a twentypenny spike would go through the 2 by 2 and leave ample length of spike protruding on the opposite side so that if a striker had any doubt about which way a policeman wanted him to go it could readily be used—although doubtless no striker would so use it—either to prod Mr. Policeman in the rear or to gently fasten it in his trousers and pull him this way or push him that way.

When these strikers, outnumbering as they often do, a hundred to one the policemen sent to guard those men who want to go to their places of employment, march upon the factory gate, there gather in mass formation and present a solid wall of men, not armed, but carrying 3-foot sticks 2 inches square, with, shall we say, tacks or spikes driven through the end, it is not strange that honest workmen, seeking to earn in these days of unemployment the few dollars which may be obtained by honest toil, confronted by this body of strikers so prepared with placards and staffs, the unarmed workers hesitate and call upon those who are supposed to administer the law of the land to open the way so that they may go to their places of toil, earn their daily bread, and, perchance, a little surplus to sustain life in the women and children at home.

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But no, the heads of the industry where these honest workers are employed have not yet signed on the dotted line; or perhaps some of these men have not paid tribute to the C. I. O., to the U. A. W. A., so they must be denied the right to work.

This being the case, the police being summoned and possessing, as some of them do, the old-fashioned idea that in this land of ours, this land of freedom, which the Communists have not yet completely taken over, men have the right to work, attempt to open a way for the men who want to work, to go to their places of employment, these staffs—I cannot call them clubs because they are wielded by U. A. W. and C. I. O. strikers, some of whom may be—many of whom in some instances in the past have not been—employed in the factory where the strike is called—are brought down gently, shall we say, upon the heads, the shoulders, the arms of the police.

Or, perchance, some of these tacks, or if they be twentypenny spikes, shall we again say inadvertently, find their way into various parts of the anatomy of the police.

Oh, it is all a mistake. It is brutality on the part of the police. And, as the U. A. W. A. and C. I. O. gangsters say, it is unfair and it is cowardly and it is not sporting for the police to use their night sticks, a foot or a foot and a half long, in retaliation.

No, oh, no; the mayor of Detroit should see to it hereafter that when the U. A. W. A. strikers, even though they do not come from Detroit; even though, prior to the recent labor troubles, they never lived in Detroit; even though they are all on Detroit's welfare list; even though they never worked in any Detroit factory, the mayor and his chief of police should see to it that the policemen take off their underwear, if they are so fortunate as to have any, so that the tacks or the twentypenny spikes may do full execution; that they discard their helmets and their coats so that the staffs, 3 feet long and 2 inches square, without rounded edge, but with sharpened corners, may take full effect, and the policemen learn once for all that C. I. O. and U. A. W. A. and its gangsters have the right in Detroit to say who shall and who shall not work.

[Here the gavel fell.]

MILITARY ESTABLISHMENT APPROPRIATION BILL, 1939

Mr. SNYDER of Pennsylvania. Mr. Speaker, I call up the conference report on the bill (H. R. 9995) making appropriations for the Military Establishment for the fiscal year ending June 30, 1939, and for other purposes.

The Clerk read the title of the bill.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9995) making appropriations for the Military Establishment for the fiscal year ending June 30, 1939, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 6, 8, 11, 15, 16, 17, 18, 22, 23, 25, 26, 27, 32, 38, 39, 40, 41, 42, and 44.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 28, 29, 34, 35, 37, 43, and 46, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$74,318"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "twelve thousand five hundred and seventy-five"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$35,162,068"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$2,531,537"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$68,764,504"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$400,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$6,765,280"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$6,659,228"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$167,043,837"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$2,720,850"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$30,022,750"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$12,922,590"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"Fort Sill, Oklahoma, \$331,000;"

And the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$10,269,880"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$38,232,034"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "and, in addition, \$502,354 of the appropriation 'Reserve Officers' Training Corps, 1938,' such amount of such appropriation being hereby reappropriated for the purpose of increasing the number of advanced course students at existing institutions"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 20 and 30.

J. BUELL SNYDER,
JOHN F. DOCKWEILER,
DAVID D. TERRY,
JOE STARNES,
ROSS A. COLLINS,
D. LANE POWERS,
ALBERT J. ENGEL,

[Managers on the part of the House.]

ROYAL S. COPELAND,
CARL HAYDEN,
ELMER THOMAS,
MORRIS SHEPPARD,
JOHN G. TOWNSEND, Jr.,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9995) making appropriations for the Military Establishment for the fiscal year ending June 30, 1939, and for other purposes, submit the following statement in ex-

planation of the effect of the action agreed upon in the accompanying conference report as to each of such amendments, namely:

On amendment No. 1: Increases the limitation upon expenditures from military appropriations for pay of employees in the office of the Chief of Ordnance from \$54,860, as proposed by the House, to \$70,000, as proposed by the Senate.

On amendment No. 2: Restores House provision designed ultimately to bring about civil clerical staffs in all offices of the War Department at Washington.

On amendment No. 3: Appropriates \$74,318 for expenses of the Army War College, instead of \$73,238, as proposed by the House and \$75,518 as proposed by the Senate.

On amendments Nos. 4 to 14, both inclusive, relating to pay of the Army: Provides for pay of 12,575 commissioned officers, instead of 12,300, as proposed by the House, and 12,853, as proposed by the Senate, the increase of 275 dividing 200 for the Air Corps, 50 for the Medical Corps, and 25 for the Dental Corps, and occasioning an addition to this appropriation for pay and allowances of \$571,137; limits the number of medical officers in a flight-pay status to 5, as proposed by the House, instead of 36, as proposed by the Senate; provides for an average of 165,000 enlisted men, instead of 168,436, as proposed by the Senate, occasioning an addition to this appropriation of \$756,000, instead of \$1,975,319 under the Senate's proposition. The House bill textually permitted the maintenance of an average strength of 165,000, but did not carry funds sufficient to pay more than an average of 162,000 men. It was the thought and purpose of the conference committee that the Department would assign the 3,000 additional men to Air Corps duties. Also provides an initial appropriation of \$400,000 for pay of enlisted men, Regular Army Reserve, pursuant to the act of April 25, 1938, as proposed by the Senate, except that the amount is \$50,000 less than the Senate proposed.

On amendment No. 15: Strikes out legislative proposition proposed by the Senate, which has been cared for in Public, No. 490, approved April 25, 1938.

On amendment No. 16: Strikes out provision proposed by Senate, amending the National Defense Act with respect to the basic allotment of enlisted men to the Air Corps.

On amendment No. 17: Strikes out proposal of Senate to amend National Defense Act by establishing a Regular Army Reserve, the matter being cared for in Public, No. 491, approved April 25, 1938.

On amendment No. 18: Restores proposal of the House directed against Regular Army personnel engaging with unofficial military publications and which carry paid advertising of firms doing business with the War Department.

On amendment No. 19: Appropriates \$2,720,850 for travel of the Army, instead of \$2,713,350, as proposed by the House and \$2,823,650 as proposed by the Senate.

On amendments Nos. 21 and 22, relating to subsistence of the Army: Appropriates \$30,022,750, instead of \$29,530,000 as proposed by the House and \$30,463,925 as proposed by the Senate, and strikes out the clause inserted by the Senate in the limitation respecting the purchase of butter substitutes requiring that such substitutes shall be made wholly from products grown in the United States.

On amendment No. 23: Appropriates \$13,420,900 for clothing and equipment, as proposed by the House, instead of \$13,730,890, as proposed by the Senate.

On amendment No. 24: Appropriates \$12,922,590 for Army transportation, instead of \$12,908,265, as proposed by the House and \$12,975,688 as proposed by the Senate.

On amendments Nos. 25 and 26: Appropriates \$81,750 for horse-breeding activities, as proposed by the House, instead of \$100,000, as proposed by the Senate.

On amendments Nos. 27, 28, 29, 31, 32, and 33, relating to military posts: Strikes out appropriations proposed by the Senate as follows: Concurrent and National Guard camp, Fort Sill, Okla., \$400,000; Fort Missoula, Mont., \$79,880; Fort Francis E. Warren, Wyo., \$277,500; Fort Wayne, Mich., \$68,000, and Carlisle Barracks, Pa., \$175,500; appropriates \$331,000 for Fort Sill, Okla., as proposed by the Senate, and makes two textual corrections, as proposed by the Senate.

On amendment No. 34: Appropriates \$13,551,280 for barracks and quarters, as proposed by the Senate, instead of \$13,376,280, as proposed by the House.

On amendment No. 35: Fixes the amount of the appropriation for the Army Air Corps to be applied to the procurement of new combat airplanes and their equipment and accessories, and to the procurement of spare engines and spare parts for new airplanes provided for in the current appropriation, at \$33,150,646, as proposed by the Senate, instead of \$34,841,690, as proposed by the House.

On amendments Nos. 36 and 37, relating to the Ordnance Department: Appropriates \$38,232,034, instead of \$32,232,034, as proposed by the House and \$48,038,259 as proposed by the Senate, and increases the amount by which the Secretary of War may enter into contracts to be satisfied by subsequent appropriations from \$2,900,000, as proposed by the House, to \$12,900,000, as proposed by the Senate. It was the sense of the conferees on the part of both Houses that not to exceed \$1,200,000 of the additional amount thus made available would be employed on account of tooling and machinery for the production of semiautomatic rifles, and that all of the remainder would be devoted to antiaircraft material for use with seacoast defenses or otherwise.

On amendments Nos. 38, 39, 40, and 41, relating to seacoast defenses: Appropriates a total of \$6,748,558, as proposed by the House, instead of \$23,539,305, as proposed by the Senate, and

adheres to the geographical distribution proposed by the House of the amount agreed upon.

On amendment No. 42: Appropriates for expenses, camps of instruction, and so forth, National Guard, \$9,126,100, as proposed by the House, instead of \$9,626,100, as proposed by the Senate.

On amendment No. 43: Appropriates \$11,722,340 for the Officers' Reserve Corps, as proposed by the Senate, instead of \$10,933,162, as proposed by the House, the additional amount being intended to provide 14-day active duty training for 30,000 officers, instead of 25,530, as proposed by the House.

On amendments Nos. 44 and 45, relating to the Reserve Officers' Training Corps: Makes a direct appropriation of \$4,323,488, as proposed by the House, instead of \$4,597,248, as proposed by the Senate, and makes a reappropriation of \$502,354, instead of \$517,850, as proposed by the Senate, and strikes out the Senate language providing that no part of the appropriation shall be reserved by administrative direction. The amount reappropriated is to permit of the purchase of additional horses, and to provide for 15,000 advanced-course students in schools and 7,850 in camps, the House having provided for 14,000 and 7,265, respectively, and the Senate for 18,000 and upward of 8,000, respectively.

On amendment No. 46: Makes \$200,000 of the appropriation proposed by the House for citizens' military training camps available immediately, as proposed by the Senate.

Amendments in disagreement

The committee of conference report in disagreement the following amendments of the Senate:

On amendment No. 20: Making a reappropriation of \$77,644 under "Travel of the Army."

On amendment No. 30: Making an appropriation of \$2,495,300 for construction at Kelly Field, Tex.

J. BUELL SNYDER,
JOHN F. DOCKWEILER,
DAVID D. TERRY,
JOE STARNES,
ROSS A. COLLINS,
D. LANE POWERS,
ALBERT J. ENGEL,

Managers on the part of the House.

Mr. SNYDER of Pennsylvania. Mr. Speaker, as it passed the House this bill carried in direct appropriations \$448,116,284. That amount was \$5,172,551 below the Budget estimates.

As it passed the Senate the bill carried \$491,225,313.

Since the bill passed the Senate, supplemental estimates have been presented in the amount of \$6,400,000.

Considering such supplemental submissions, the Senate bill carried \$31,536,478 in excess of Budget estimates.

As we bring the measure from conference, if our conference report be adopted, instead of that increase of \$31,536,478, the bill will carry \$287,581 less than the Budget estimates. The total will be \$459,401,254.

In accomplishing that result, Mr. Speaker, I wish now to acknowledge the splendid cooperation and support I received from my fellow members of the conference committee of both the majority and minority parties.

The total of the bill I have given, I should say, excludes reappropriations, which, of course, occasion a draft upon the Treasury as much so as direct appropriations. The House bill carried reappropriations of \$3,670,476. The Senate increased that amount to \$4,265,970. We have agreed upon \$4,250,474, which, added to the direct appropriations the conference committee has agreed to, will make a total available for expenditure during 1939 of \$463,651,728.

That sum is \$11,864,968 more than the House had proposed, and it is \$31,839,555 less than the Senate proposed.

The Senate additions to our bill, by way of direct appropriations, fall almost entirely under five major headings, namely: "Personnel," "Military posts," "Ordnance," "Seacoast defenses," and "Civil components."

I shall discuss briefly the effect of the action agreed upon as to those five propositions.

First, personnel. The Senate added \$4,926,409 for increasing the officer and enlisted strength of the Regular Army and initiating the new enlisted Reserve force. We have agreed to \$2,241,712 of that amount for the following purposes:

An increase of the number of Air Corps officers by 200, or to 1,638.

An increase in the number of Medical Corps officers by 50, or to 1,133.

An increase in the number of Dental Corps officers by 25, or to 233.

To assure pay for an average enlisted strength of 165,000. I might say as to this item that we had in mind the need of the Air Corps for additional men. Under the House bill the average enlisted strength possibly would have been limited to 162,000.

Lastly, for initiating the new enlisted Reserve force, the approximate number 16,777. The ultimate objective is 75,000.

The second major heading is military posts. Here the Senate added \$3,827,180. We have agreed to \$2,826,300 of that amount, although \$748,300 is in the form of contractual authority instead of a direct appropriation. The entire amount agreed upon applies to two posts, namely, Fort Sill, Okla., and Kelly Field, Tex.

The third and fourth major propositions relate to ordnance and seacoast defenses, and I shall discuss them jointly.

The Senate added \$15,806,225 to ordnance service and supplies and \$16,790,747 to seacoast defenses, a total of \$32,596,972. In addition, the Senate proposed \$10,000,000 contractual authority under ordnance. The House had allowed \$32,232,034 under ordnance and \$6,748,555 under seacoast defenses, a total of \$38,980,589, and in addition contractual authority under ordnance of \$2,900,000. The House bill, bear in mind, provided for an increase over the current year under the two heads in question of \$11,840,269. The Senate proposed a further increase of \$32,596,969 without a formal recommendation of any kind from the executive branch of the Government.

The Senate increase as to direct appropriations divided in this way:

Antiaircraft material for seacoast defenses and other-wise	\$18,451,249
Seacoast-defense projects other than antiaircraft	10,108,268
Tooling and machinery for semiautomatic rifles	1,200,000
Antitank guns	912,000
Ammunition	1,925,000

The whole of the \$10,000,000 contractual authority proposed by the Senate was intended for antiaircraft material.

In lieu of that forty-two-million-and-odd dollars proposed by the Senate by way of direct appropriations and contractual authority we propose \$6,000,000 by way of direct appropriation, which has Budget support, and \$10,000,000 by way of contractual authority, the entire amount, with the exception of \$1,200,000 for tooling and machinery for semiautomatic rifles, being intended for antiaircraft material for use either on the seaboard or elsewhere. This is somewhat more than half of the additional amount that would be applied to antiaircraft material under the proposal of the Senate. And as to that, let me say this, Mr. Speaker: The House bill carried \$9,945,291 for antiaircraft material. Of that amount, \$2,320,804 was in connection with seacoast defenses. Considering the two amounts—that is, the amount originally provided by the House and the amount proposed in this conference report—there will be available for expenditure or obligation next year, roundly, \$24,700,000 for antiaircraft material of one form or another, and that, it seems to me, provides for a measure of advancement that should make everyone interested in this phase of national defense quite well satisfied.

Turning to the civil components, where the Senate added \$1,562,938 by way of direct appropriations and \$517,850 by way of a reappropriation, we have omitted provision for construction at National Guard camps; we have provided for 14-day training for 30,000 Reserve officers, which many of you will be interested to know, and we have provided for an increase in the number of advanced-course students in R. O. T. C. schools, both at schools and at camps.

That about tells the story, Mr. Speaker.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I will gladly yield to the gentleman.

Mr. RICH. Do I understand the bill as coming now from the conference carries a total of \$463,000,000?

Mr. SNYDER of Pennsylvania. Yes; including reappropriations.

Mr. RICH. Last year the bill carried \$416,000,000, this being an increase of \$47,000,000 for the Army?

Mr. SNYDER of Pennsylvania. Yes.

Mr. RICH. The entire sum for preparation for war, then, is going to be over \$2,250,000,000. A year ago someone thought that we might spend \$1,000,000,000 in preparation for war. Now, what is this administration going to say to the American people when we talk peace and yet are spending 125 percent more than we ever dreamed of spending for war, or a total of over \$2,250,000,000?

What in the world are we doing here, talking peace and then making these great preparations for war? It does not seem as if we are using our heads, does it? I cannot for the life of me see why, if we want to defend the shores of America against the aggression of any foreign country, we have to spend \$2,250,000,000 for purposes of war. Why build these six great war vessels at a cost of \$70,000,000 each for purposes of peace?

Mr. MAVERICK. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. MAVERICK. I shall ask the gentleman a question, but first I want the gentleman to listen to what I say. This is not for battleships, this is for national defense. It has nothing to do with preparations for war. This is for the preparation of peace. This committee has brought in a report here which is very moderate and conservative, an amount considerably under the amount the Senate reported.

Mr. RICH. Does the gentleman say that it is under the Senate, when we spent \$47,000,000 for this war appropriation bill over what we spent last year?

Mr. MAVERICK. I am not criticizing them. I think they have come to a very good conclusion. I do not think they are spending enough on coast defenses and antiaircraft guns. I am not criticizing them.

Mr. RICH. I am not going to criticize my colleague from Pennsylvania [Mr. SNYDER]. I am not here to criticize him, I am here to criticize the House and the Senate for increasing this by \$47,000,000 over what we had a year ago. I do not want to criticize a man if he thinks he is doing the right thing, but are we, as Members of Congress, doing the right thing when we are spending \$2,250,000,000 in preparation for war, are we taking the taxpayers' money and saying that we are going to make a military nation out of America? It does not seem possible that we should try to outdo Hitler in preparation for war.

Mr. SNYDER of Pennsylvania. Mr. Speaker, before moving the previous question, it would seem fitting for me to remind the House that the end of the Seventy-fifth Congress will mark the close of the distinguished service which has been rendered here by our esteemed friend and beloved colleague from California, JOHN F. DICKWEILER.

Mr. DICKWEILER and I entered the House together. Each of us was assigned to membership on the Committee on Appropriations, and each of us to membership on the same subcommittees, namely, Legislative and War Department. Mr. DICKWEILER, 2 years ago, succeeded me as chairman of the former subcommittee, and for 2 years he has been the ranking majority member of the War Department subcommittee. These assignments have thrown us into close contact. We have spent much time together at the committee table and, in 1935, in company with other colleagues, we conducted an extensive inspection of military posts and activities, both in the States and in Hawaii. Upon that occasion I enjoyed his hospitality in his charming home in Los Angeles, and there met his distinguished father, Hon. Isadore B. Dickweiler, who has been a prominent and influential figure in the Democratic Party since our colleague's early boyhood.

These continuous and close contacts have brought about a close friendship which I always shall cherish. They have revealed to me those sterling qualities of his which have won for him such widespread admiration and respect. His wide learning, his industry, his devotion to duty, his loyalty, his unflinching fairness and courtesy are outstanding traits not excelled by any in this Chamber.

His familiarity with national defense problems has been of inestimable help to me in dealing with matters respecting the Military Establishment. I have leaned heavily upon his counsel.

Our friend aspires to be Governor of his great State. That is what is taking him from our midst. He leaves us with a record of achievement in behalf of the administration, the Nation, his home State, and his own constituency to which he may well point with pride. I know of no man in public office who has demonstrated a greater appreciation of or a greater measure of devotion to the trust placed in him by an electorate than JOHN DICKWEILER.

I am sure I voice the sentiments of the membership on both sides of the aisle in wishing him Godspeed. [Applause.]

Mr. ENGEL. Mr. Speaker, will the gentleman yield to me?

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, first I wish to say a word with regard to the bill. We have here a beautiful illustration of what happens nearly every time when the Committee on Appropriations comes before the House. Either the Committee on Appropriations is condemned for making too large appropriations, or it is condemned for not making appropriations which have been authorized by the House. On May 10 last I placed in the RECORD a statement showing that three and a half billion dollars have been authorized during the past 6 years for which appropriations remain to be made. Members of this House have repeatedly criticized the Committee on Appropriations because it has thwarted the will of the House in not appropriating money which has been authorized. In the next breath they criticized the Committee on Appropriations for bringing in large appropriation bills. When we increased the Army to 165,000 men the additional men were added. They had to be fed, clothed, and equipped. This subcommittee worked hard on this bill, and has done a very good job.

I want to say just one word regarding our colleague, Mr. DICKWEILER. We have worked together for 2 years without regard to politics. We have tried to bring out the best possible bill in each case. In that work Mr. DICKWEILER has taken a splendid part. He is one of the most lovable characters I have ever met.

I have never served with a member of any committee, either here or in any other legislative experience I have had, for whom I have held a higher regard than for the gentleman from California [Mr. DICKWEILER]. My Republican colleague on the subcommittee, the gentleman from New Jersey [Mr. POWERS], joins me in expressing our sincere regret that the gentleman from California is not to be with us next year. We shall miss his genial smile and the committee will miss his experience and helpfulness in writing up the next bill. [Applause.]

[Here the gavel fell.]

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON of Texas. Mr. Speaker, I am unable to detect in the conference report what was done about the amendment to the House bill providing for an increase in young Reserve officers, the so-called Thomason Act.

Mr. SNYDER of Pennsylvania. The number was left at 650, just as provided by the House.

Mr. THOMASON of Texas. I observe that in amendment No. 34 the conferees accept the Senate figures for barracks and quarters. May I ask at what place?

Mr. SNYDER of Pennsylvania. Fort Huachuca, Ariz.

Mr. THOMASON of Texas. Is that the only place?

Mr. SNYDER of Pennsylvania. Yes.

Mr. THOMASON of Texas. I thank the gentleman.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Did I understand the gentleman to say that an amount of \$24,000,000 has been appropriated for antiaircraft defense?

Mr. SNYDER of Pennsylvania. Yes; including \$10,000,000 by way of contractual authority.

Mr. OLIVER. How is that money to be allocated as between the seacoast and the interior?

Mr. SNYDER of Pennsylvania. That is up to the Army entirely.

Mr. OLIVER. I notice in the report of the House conferees that it is said that this money will be distributed according to the geographical determinations proposed by the House. Just what does that mean?

Mr. SNYDER of Pennsylvania. That applies to the seacoast defense funds carried in the bill as it passed the House.

Mr. OLIVER. Then, do I understand that a fairly liberal amount of this \$24,000,000 will go to anti-aircraft defense along the coasts?

Mr. SNYDER of Pennsylvania. Undoubtedly so. That was the understanding of the conference committee.

Mr. OLIVER. I compliment the chairman of the subcommittee and the House conferees that they have been able to retain in the bill some increase in the allowance of money to be used for seacoast defenses. I am interested particularly in the seacoast defenses around Portland, Maine. I have been informed that in the entire State of Maine there are only two mobile anti-aircraft guns and four fixed anti-aircraft guns. It does seem, though, that this is a very small amount of coast-defense anti-aircraft equipment.

Mr. SNYDER of Pennsylvania. The gentleman can assure the people of his State that anti-aircraft defenses will be very much improved under this bill.

Mr. OLIVER. I thank the gentleman.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. MAVERICK].

Mr. MAVERICK. Mr. Speaker, I join in the praise of the gentleman from California [Mr. DOCKWEILER], who has the laudable ambition of being Governor of his State; he would make a good one, and we all wish him well. But I have an equally laudable ambition to be reelected to Congress—so listen to what I shall say about this appropriation for Kelly Field, which is in exactly the right place, my district [laughter], San Antonio, Tex. That is the place where I want to get an aeronautical academy established, and I hope everybody will interest themselves in it, because it is the one and only advanced flying school of the Army.

The gentleman from Pennsylvania criticized this bill a moment ago and talked about \$2,000,000,000 being spent for war. He speaks of "authorizations," and authorizations are not carried in this bill. I believe this bill is a step on the roadway to having something that is competent in the matter of national defense.

As everybody in this Chamber knows it is my personal belief that we are spending too much money on battleships. This bill gets back to the proposition of spending more money on aviation and real defense. I think this is a well-considered bill.

KELLY FIELD, ADVANCED FLYING SCHOOL, \$2,495,000

Of course, I am especially interested in the following amendment, which directly concerns my district:

Kelly Field, Tex., \$1,747,000, and authority is hereby given to enter into contracts and otherwise to incur obligations in excess of such amount to the extent of \$748,300.

Making a total for the immediate development of that field totaling \$2,495,000. Eventually the sum will reach six to eight million if it is followed up.

I hope we will all support the bill, and the amendment I have mentioned, which has been agreed to by the conferees.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CLASON].

Mr. CLASON. Mr. Speaker, in speaking in support of the report of the conferees on the Military Establishment appropriation bill for 1939, I wish to express my appreciation of the careful consideration given to my remarks before the subcommittee of the House Appropriations Committee having in charge this bill. At the hearing before the subcommittee, I brought to the attention of the committee that the Garand semiautomatic rifle, developed at the Springfield Armory, has finally been perfected. Military experts

assert that this rifle is the finest army rifle in the world today. By the conference report it is provided that an order for 5,000 of these rifles shall be placed with the armory. It is also provided that \$600,000 shall be expended during the next fiscal year for tooling, dies, and other equipment for the making of these rifles at the Springfield Armory. It is further provided that either \$1,200,000 in addition may be expended during the fiscal year 1939, or contracts in the amount of \$1,200,000 are hereby authorized to be entered into by the War Department for additional tooling, dies, and equipment for the making of these rifles.

In urging the adoption of the report, especially as it pertains to the appropriation for the Springfield Armory, I believe I can best bring to the attention of the House the necessity for the expenditure of these funds by quoting the arguments which I made before the subcommittee. My statement was as follows:

The site for the Springfield Armory was selected by Gen. George Washington. For more than a century it has been in successful operation. The community is recognized as outstanding in the character and ability of its highly skilled and well-trained mechanics and artisans. As a result some of the nationally known manufacturers have located there to gain the benefits of this group of workmen. These include the Westinghouse Electric & Manufacturing Co., the American Bosch Magneto Corporation, the Chapman Valve Co., the Indian Motorcycle Co., Smith and Wesson Co., makers of revolvers, and several plants engaged in the manufacture of tools, dies, machinery, and forgings.

It is interesting to note that in the pioneer days of the automobile industry, well-known expensive cars were made in Springfield, such as the Stevens-Duryea. Later, when it was decided to build the famous Rolls-Royce automobiles in America, Springfield was chosen as the location of the plant because it was believed more desirable to secure the best precision labor in America than to be nearer the sources of supply of materials.

Since aircraft has become of outstanding importance, we find many famous plants in New England. The Pratt & Whitney plant is located at East Hartford, Conn., less than 25 miles away, and employs many from Springfield. In fact, many of the fastest racing planes have been built in Springfield.

In normal times there is difficulty in any community to secure fine workmen, particularly for the very precise work required in the making of parts for rifles; which is even more true as to the parts for automatic and semiautomatic rifles.

For decades the American Army has had in the Springfield rifle the finest army rifle in the world. For several years painstaking effort has been devoted at the Springfield Armory to the development of a semiautomatic rifle. About 3 years ago the Garand semiautomatic rifle was perfected to a point at which the War Department was satisfied that provision should be made for its manufacture on a large scale. With the amount made available under recent appropriations, provision was made for the manufacture of Garand rifles which will bring the total to 7,540. Army officers have testified, I believe, that a regiment of infantry armed with the Garand rifle is twice as effective as a regiment armed with the present Springfield rifle, which in turn is rated as better than any other army rifle in the world. The present appropriation will be exhausted by October 1, 1938, when about 7,500 Garand rifles will have been delivered.

In an address by Louis Johnson, Assistant Secretary of War, at Hartford on January 20, last, Secretary Johnson declared: "Today, at the Springfield Armory, a new semiautomatic rifle is under production which is the acme of achievement in small arms. It is the invention of a civilian employee at the armory, John C. Garand, who has devoted 17 to 18 years of his life in perfecting this weapon for infantry use. Recent experiments have caused our infantry officers to remark that a man armed with a new semiautomatic Springfield rifle is equal to five men equipped with the older model."

Writing in the current issue of the Infantry Journal, Maj. Gen. George A. Lynch, Chief of Infantry, in an article in which he asserts that the "whole structure of military organization still rests on the Atlas shoulders of the doughboy," states that the "development of an effective semiautomatic rifle by our Ordnance Department is unquestionably the outstanding infantry development of the day."

The manufacture of this semiautomatic rifle has been developed slowly in order that defects that might appear could be corrected and improvements made. These rifles have been placed in the hands of the Army for practical use under varying conditions with very satisfactory results.

As I understand the proposed appropriation bill for 1939, there are items in it of \$260,000 for 2,500 Garand rifles at \$104 each, and of \$600,000 for machinery, tools, dies, etc., at the Springfield Armory. It is certainly necessary for the second item to be appropriated in order to bring the plant up to date in equipment absolutely necessary to prepare the armory for proper production of these rifles. The present equipment quite apparently is not adapted to modern manufacturing processes and to large-scale production.

However, there is an equally important need in the successful operation of an armory or plant making rifles. That need is for men skilled in the making of this particular product which requires months of training even for men accustomed to equally precise work. With the trained men now at the armory using present equipment and proposed equipment, 10,000 Garand rifles could be manufactured annually.

Our Army needs and should have the best service rifles which can be furnished to them. To allow our Regular Army to have less than the best the Government can supply in the way of equipment, where the amount in dollars and cents is so small comparatively with appropriations for other items, is not only false economy but inexcusable.

I have heard the Chief of Staff in effect state that in the final analysis the infantry is the backbone of any army. The United States is noted for its comparatively small Regular Army. The Garand rifle makes this Army twice as effective and potentially powerful as it is now while armed with the present Springfield rifle. I believe, too, that military experts will tell you that for defending himself against "ground strafing" airplanes there is no better weapon for a foot soldier than a semiautomatic rifle, because of its great accuracy and greater volume of fire.

At this time, when Congress is appropriating more than a billion dollars for its Army and Navy, I believe that it is absolutely essential to provide an appropriation for at least 10,000 of these rifles in the 1939 Budget. Such provision would require an appropriation of \$880,000, or about \$88 per rifle. This would be an increase of \$620,000 over the amount now provided in the bill, but \$16 less per rifle. It would result in 7,500 more rifles being built in 1939. The saving in cost per rifle would result in the early amortization of the cost of the new machinery and equipment installed.

In December 1937, 354 rifles were delivered. Each month as the men become more proficient and efficient more rifles will be delivered, particularly as the more modern machinery becomes available. The services to which the rifles have already been shown are demanding them. The experts have worked out the difficulties which are necessarily encountered in the manufacture of such an intricate mechanism. Some parts have required several different and difficult operations to produce. Other parts can already be delivered in quantities which would permit assembling many more rifles monthly. Those parts which are the more difficult to make and which have been most difficult to perfect can now be produced more readily. As difficulties get ironed out, the rifles will be turned out more quickly.

If 10,000 rifles are made annually, it will take 8 to 10 years to arm the initial protective force. Then it will take many years to supply the demand for the Coast Guard, the Navy, and the Marine Corps. The men in foreign service should have these rifles as quickly as possible. This is a woefully small program as we realize that the Army had 600,000 Springfield rifles at the beginning of the World War. You cannot make them after the war is on fast enough. Only 300,000 Springfield rifles were made while the war was on.

As a business proposition, the Government should build 10,000 rifles a year in order to get the rifles at a reasonable price per rifle. The saving by such production will pay for the cost of machinery in 3 or 4 years.

Another, and to me, a particularly important reason why this item should be increased from \$260,000 to \$880,000 is the matter of labor. The United States Government has invested a large sum of money in training several hundred competent men for a period of 3 years to make these rifles. In 1939, for the first time, the Government has the opportunity to secure commensurate results from these expenditures. If only 2,500 Garand rifles are to be made, some 100 or more of these skilled workmen will be thrown out of employment. If the number of rifles to be made is not increased to 10,000, it will be necessary to curtail the activity at the armory with resultant breaking up of the organization for producing these rifles and a reduction in the force of men now employed there. Likewise, the Government will have lost the expense it has incurred already in the training of these men, amounting to hundreds of thousands of dollars.

An annual output of 10,000 rifles should be sought because it would be a reasonable supply. It would require the work of a reasonable force of men who would be a nucleus for any future emergency. In case of emergency or war, we will need these trained men badly and they will be missing unless this appropriation is at least \$880,000. These men could be used as foremen and in executive positions as operations expanded. In time of war key men will be urgently needed for use at commercial plants as well as at Springfield Armory. Not to keep this force together is to leave the United States Army unprepared in a most important field, the placing of the best weapons in the hands of hastily mobilized and greatly expanded military and naval forces.

To reduce the number of employees at the Springfield Armory will likewise be a serious blow to the labor situation in the Springfield community. It is particularly unfair at a time when President Roosevelt and the administration are demanding stabilization of labor in industry. For the Government to take this shortsighted attitude at this time will cause grave doubt of its sincerity, as well as work a hardship on 100 Springfield families by throwing the men out of work in the middle of the present serious depression.

Many of these men left steady jobs to enter Government employ. They are entitled to a square deal. Such action will tend to keep men from entering the employ of the armory, where they should have every right to believe that their employment will be steady and not subject to changes in policy every 2 or 3 years. If

the United States Government does not provide stability of employment in its permanent establishments, where there is a constant and urgent demand for its product every month of the year, surely private industry cannot be expected even to attempt to stabilize employment.

To me, however, the most serious part of the situation will be the failure to keep an adequate force of skilled men ready for the emergency, which, from present indications, may be upon us within a very few years.

To summarize: The new equipment, machinery, and tooling will quickly pay for themselves, as each 10,000 rifles will cut expenses about \$160,000, as compared with an annual production of 2,500. At the rate of 10,000 per year, it will take 8 or more years to equip the initial protective force. There would seem, therefore, no reason to cause lack of stability of labor at Springfield by cutting the force at this time. The rifle is in demand and a success. It makes each regiment of infantry 100 percent more effective than at the present time. For troops stationed in out-of-the-way places, such as China, Hawaii, and the Philippines, it seems absolutely unfair not to have the men properly equipped with the most satisfactory and most valuable Army rifle known. As soon as the initial protective army has been equipped, it will still take years at a production of 10,000 rifles per year to supply the demand for the Coast Guard, the Navy, and the Marine Corps.

At an annual delivery of 10,000 rifles, it will just about keep the present force at the armory running steadily year in and year out. It costs a lot of money to train any workman in new intricate work of this type. It would be very short-sighted to allow men who have been trained at great expense during the past 3 years to go at this time. It will demoralize the sense of security now prevailing among the workmen at the armory and will tend to cause men to go to other concerns, such as into the aircraft industry at East Hartford, if they do not feel that their positions are more secure at the armory.

Furthermore, the trained working force at the armory is now worth thousands of dollars a year to the United States and should be kept intact. If another war does come within a generation, the failure to have these trained men at hand, and to have the number of rifles which could then be placed in the hands of our forces, would be nothing short of a national tragedy. And to return to present-day arguments, if the Government means anything when it calls for stabilization of employment in industry, the place to start is at the Springfield Armory.

At the time that the above statement was made, the bill provided for an item for only 2,500 rifles for the Regular Army. As a result of my argument, the committee added another item of 2,500 additional rifles to be supplied to the National Guard, thereby increasing the indicated appropriation from \$260,000 to \$510,000 for these rifles. At that time I was assured by the members of the committee and by Army officers that this additional order would provide steady employment for the present permanent employees of the Springfield Armory during the next fiscal year.

Subsequent to the passage of the bill through the House, including the two above items, I got in touch, not only with the two distinguished Senators from Massachusetts, but also with other Senators who are members of the committee in charge of the Senate bill, and later I also conferred with conferees, both from the Senate and the House. I brought home to them the advantages to be secured by the United States Army by the rapid equipping of the Regular Army, the National Guard, the Coast Guard, the Marines, and other branches of our military and naval services with the Garand rifle. I was much gratified with the favorable reception which they gave me. I am very happy to state that the conferees, not only retained in the bill the appropriations for the 5,000 rifles and the \$600,000 for tools, dies, and equipment, but also added the item which will provide for the expenditure of \$1,200,000 for additional tools, dies, and equipment. These expenditures will result in the Springfield Armory becoming a modern plant, equipped with the latest devices for the production of these rifles, at the least possible cost to the War Department. Within 4 years, upon the basis of a reasonable number of rifles being made annually, the expenditures for new tools and dies will be repaid by the reduction in cost per rifle. Furthermore, at this time when unemployment is the most vital issue throughout the Nation, it is most gratifying to me to know that through these appropriations the War Department is making it possible to provide steady employment for many hundreds of men in a city which is suffering particularly at this time from the depression. In order that the Members of the House may be assured that every dollar spent in the production of the Garand semiautomatic rifle will be of tremendous advantage to our armed forces, both in peace and in war, I conclude my

remarks by quoting in full a letter which I have received from Maj. Gen. W. H. Tschappat, Chief of Ordnance:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, May 12, 1938.

Hon. CHARLES R. CLASON,
House of Representatives, Washington, D. C.

DEAR MR. CLASON: I am very much obliged indeed to you for calling my attention to the reference to semiautomatic rifles in the Springfield newspaper of May 10. An idea is expressed there which is entirely contrary to my position on this important weapon.

The experimental work referred to in my interview was not in connection with the development of the gun in a mechanical sense, but with its tactical use in the hands of troops so as to most effectively employ its great potentiality. The weapon itself has been fully developed and has passed successfully all War Department tests. It has been officially adopted as the standard issue rifle. It is now being produced and issued to troops as rapidly as is possible with the appropriations made available by Congress.

There is only one thing I can add to your most able presentation before the House committee as to the merits of this weapon and the high esteem in which it is held by the Chief of Infantry and the Army in general. The Chief of Infantry has recently received an informal report from an officer with a battalion equipped with the M1 rifle engaged in tactical maneuvers. The report was substantially as follows:

"The M1 rifles (Garand semiautomatic) with which the battalion was armed were a revelation to the troops. They were most reliable in their functioning even after some of the rifles fell into the water and sand when landing on the beach. The troops were highly enthusiastic about their performance as anti-aircraft weapons against low-flying planes. Many times as many hits were made on a target towed by plane than have ever been possible with the Springfield rifle."

It is interesting to know that the battalion in question was issued the rifles only a few weeks before departing on maneuvers.

This week on a visit to Springfield Armory, I found that current production was proceeding most satisfactorily and shipments are being made weekly to the using troops. The armory personnel is engaged in an intensive study of the design and tooling of the machinery provided for in the Army bill. This study is being based on the sum of \$1,800,000 contemplated by the Senate additions. Such progress is being made that we should be ready to advertise for the machinery as soon as the Army bill has passed.

In view of the great demand for this rifle from the combat troops, I sincerely hope that the larger amount provided for by the Senate addition will be made available. It would be a great pity if the next emergency should find us unprepared to equip our Army with such an outstanding weapon.

I have no objection to your using this letter in any way you desire.

Sincerely yours,

W. H. TSCHAPPAT,
Major General, Chief of Ordnance.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, at this time I call the attention of the committee to the fact that the conditions under which the enlisted men and noncommissioned staff of the United States Army now live are to the last degree disgraceful. There are no slums in any capital in the world which compare with the slums in which the enlisted men of the American Army live today.

It is the function and duty of this committee and of the Congress to correct this national disgrace at the earliest opportunity.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, we have just witnessed another beautiful illustration of inconsistency. A minute ago the committee was condemned for appropriating too much money and now it is condemned for not appropriating enough money.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS. Mr. Speaker, there is little I feel called upon to say about this bill beyond again voicing the idea I always have entertained, that the one thing to be desired most in warfare is fire power. The larger the amount of fire power the better and more effective will be our Army.

There are those people who believe that the proper way to increase effectiveness is to add to the personnel of the Military Establishment. I have always taken the position that idea was wrong; that there should be a proper balance between matériel and personnel; in other words, properly equip the men that we have first, and then afterward, if we

want to add more men to the size of the establishment, add them, but equip the men after they have been added.

Mr. Speaker, this is a bill that adds more matériel to our establishment than any bill that has ever been presented to the Congress in time of peace. A larger sum of money is appropriated in this measure for the implementation of our Army than has ever been provided in any appropriation bill enacted when we were not at war. This is a fact I consider worthy of calling to the attention not only of the Congress but the American people. I congratulate the gentleman from Pennsylvania [Mr. SNYDER] and the other members of the committee for their foresight in adding a substantial increase in matériel over that provided in other appropriation measures.

Mr. SHANNON. Will the gentleman yield?

Mr. COLLINS. I yield to the gentleman from Missouri.

Mr. SHANNON. I trust the gentleman from Mississippi heard the gentleman from Springfield, Mass., extol upon the great invention of a new rifle that will kill, oh, so many more human beings than the rifles of the past.

Mr. Speaker, in providing this great expenditure of money for the new invention, in the light of what has been going on in the world, with rifles killing men and women everywhere, I wonder if the committee has provided a stopper on this new rifle so that it will not kill men and women in future wars?

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, on Memorial Day I was informed that there were some guns drawn by carriage in the parade which were bought by this Government in France. Due to the great unemployment in this country at this time and work is so vitally important to the welfare of everyone, we ought to buy these guns in the United States, and certainly at all times Government orders ought to be filled by American-made goods. Can the gentleman tell me the number of guns that have been bought in France and other foreign countries?

Mr. SNYDER of Pennsylvania. I may say to the gentlewoman from Massachusetts that we have not bought guns from any foreign power since the World War. The guns to which the gentlewoman refers quite likely are the French 75 guns that we got as the result of the World War, but we have not bought any guns from foreign countries since then.

Mrs. ROGERS of Massachusetts. I was told these were 55's. Although I did not really think we had 55's, perhaps they were 155's.

Mr. SNYDER of Pennsylvania. They might have been 155's.

My statement would apply to both calibers.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 20: Page 17, line 5, after the figures "\$2,323,650", insert "and, in addition, \$77,644 of the appropriation 'Travel of the Army, 1938', such amount of such appropriation being hereby reappropriated."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SNYDER of Pennsylvania moves to recede and concur in the Senate amendment with the following amendment: In lieu of the matter inserted by said amendment, insert the following: "and, in addition, \$77,644 of the appropriation 'Travel of the Army, 1938', such amount of such appropriation being hereby reappropriated", and in lieu of the matter in lines 24 and 25, page 14, of the engrossed bill, reading: "of which \$286,702 shall be available immediately, and such former", insert the following: "and of the total of such amounts \$286,702 shall be available immediately, and such total."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 30: On page 29, in line 23, after "\$350,000", insert "and at Kelly Field, Tex., \$2,495,300."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SNYDER of Pennsylvania moves to recede and concur in the Senate amendment with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "and at Kelly Field, Tex., \$1,747,000, and authority is hereby given to enter into contracts and otherwise to incur obligations in excess of such amount to the extent of \$748,300."

The motion was agreed to.

A motion to reconsider the votes by which the motions were agreed to was laid on the table.

CIVIL FUNCTIONS, WAR DEPARTMENT APPROPRIATION BILL, 1939

Mr. SNYDER of Pennsylvania. Mr. Speaker, I call up the conference report on the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes.

The Clerk read the title of the bill.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 4, 6, 8, 13, 14, 16, 18, and 24.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, and 9, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "and not in excess of \$170,000 shall be available for the acquisition of land in the vicinity of San Francisco, California, at an average cost of not to exceed \$1,000 per acre"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "Provided further, That to the extent that the foregoing sum of \$24,000,000 may be reduced by obligations for flood control made prior to April 21, 1938, the appropriation for general flood control contained in the next succeeding paragraph shall be reduced by a like amount and such amount shall then be transferred from the appropriation for general flood control to the appropriation made in this paragraph"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7, 10, 11, 12, 15, 19, 20, 21, 22, and 23.

J. BUELL SNYDER,
JOHN F. DOCKWEILER,
DAVID D. TERRY,
JOE STARNES,
ROSS A. COLLINS,
D. LANE POWERS,
ALBERT J. ENGEL,

Managers on the part of the House.

ROYAL S. COPELAND,
CARL HAYDEN,
ELMER THOMAS,
MORRIS SHEPPARD,
JOHN G. TOWNSEND, JR.,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10291), making appropriations for the

fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, submit the following statement in explanation of the effect of the action recommended and agreed upon in the accompanying conference report as to each of such amendments, namely:

On amendments Nos. 1 to 6, both inclusive, relating to cemetery expenses: Strikes out textual change proposed by the Senate with respect to approach roads to national cemeteries; appropriates \$53,450 for the development of Fort Bliss National Cemetery, as proposed by the Senate, the House having provided no additional appropriation on account of such project, but omits expressed expenditure requirement proposed by Senate; appropriates \$299,692 for the acquisition of land and toward the development of a new national cemetery in the vicinity of San Francisco, Calif., as proposed by the Senate, limiting the cost of land purchased to an average of not to exceed \$1,000 per acre, instead of making purchase subject to the acquisition of at least 165 acres at a total cost not in excess of \$170,000, as the Senate proposed; and strikes out the appropriation of \$75,000 proposed by the Senate for the erection and maintenance of a historical museum within the Custer Battlefield National Cemetery, Mont.

On amendments Nos. 8 and 9, relating to the United States High Commissioner to the Philippine Islands: Strikes out the proposal of the Senate to exclude trade in allowances in the purchase of automobiles, and makes \$2,500 of the appropriation available as of April 1, 1938, as proposed by the Senate.

On amendments Nos. 13, 14, 16, 17, and 18, relating to rivers and harbors: Restores the House provision barring expenditures upon or incident to the project to extend the channel of the Mississippi River above St. Anthony Falls; makes a direct appropriation of \$70,020,000, as proposed by the House, instead of \$95,020,000, as proposed by the Senate; eliminates the expressed expenditure required proposed by the Senate as to the reappropriation proposed by the House; assures the full amount of such reappropriation being available by providing for making up any deficit therein by a transfer from the appropriation proposed for general flood control, as proposed by the Senate, and strikes out the appropriation of \$134,000 proposed by the Senate with respect to Wilson Harbor, Niagara County, N. Y.

On amendment No. 24: Strikes out the appropriation of \$3,050,000 proposed by the Senate on account of the Fort Peck project,

Amendments in disagreement

The committee of conference report in disagreement the following amendments of the Senate:

On amendment No. 7: Providing for relinquishment of Government's interest in approach roads to national cemeteries to local interests desiring such an arrangement.

On amendment No. 10: Providing a representation allowance for the High Commissioner to the Philippine Islands.

On amendments Nos. 11 and 12: Making all appropriations under the Corps of Engineers immediately available and available until expended.

On amendment No. 15: Making a textual change in the appropriation for Rivers and Harbors.

On amendments Nos. 19, 20, 21, and 22: Making \$4,000,000 of the appropriation for general flood control available for the prosecution by the Department of Agriculture of works of improvement for measures of run-off and waterflow retardation and soil-erosion prevention.

On amendment No. 23: Making a textual change in the appropriation for flood control, Mississippi River and tributaries.

J. BUELL SNYDER,
JOHN F. DOCKWEILER,
DAVID D. TERRY,
JOE STARNES,
ROSS A. COLLINS,
D. LANE POWERS,
ALBERT J. ENGEL,

Managers on the part of the House.

Mr. SNYDER of Pennsylvania. Mr. Speaker, as passed by the House this bill carried \$196,609,725 of direct appropriations and \$24,025,000 of reappropriations. As to direct appropriations, the bill called for \$406,162 less than Budget recommendations.

The Senate did not disturb the reappropriations proposed by the House, but increased the direct appropriations by \$28,612,142.

In lieu of that increase the conference committee has agreed upon this course: Provide an additional direct appropriation of \$353,142, and make available \$18,000,000 of the Emergency Relief Appropriation Act of 1938, now pending in the Senate, for river and harbor projects, including maintenance thereof, instead of the additional direct appropriation of \$25,000,000 proposed by the Senate for rivers and harbors. This alternative to the Senate proposal is one which I shall offer later when we undertake the consideration of amendments brought back in disagreement.

If the conference report be adopted, Mr. Speaker, and the amendments in technical disagreement are disposed of as I

shall propose, the bill will carry in direct appropriations \$196,962,867, which is \$53,020 less than the Budget estimates and \$28,259,000 less than the bill carried as it passed the Senate.

The increase in direct appropriations to which we have agreed, amounting to \$353,142, pertain to the new national cemeteries recently authorized at Fort Bliss, Tex., and San Francisco, Calif.

Mr. BEITER. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield to the gentleman from New York.

Mr. BEITER. I notice the conferees have stricken from the bill the amendment that was offered in the Senate in the amount of \$134,000 for the improvement of Wilson Harbor, Niagara County, N. Y. Can the gentleman advise me why that was stricken from the bill?

Mr. SNYDER of Pennsylvania. There was no Budget estimate for it and no authorization.

Mr. BEITER. Senator WAGNER offered the amendment in the Senate, and Senator COPELAND was in charge of the bill at that time. Both approved the item.

Mr. SNYDER of Pennsylvania. Yes.

Mr. BEITER. The people at Wilson are vitally interested in having some kind of an appropriation made at this time for that improvement. It is an item that should be approved.

Mr. SNYDER of Pennsylvania. The gentleman is aware, I am sure, that there are many projects of this type, and if we had included this one we would have had to include a lot of others that had no Budget support and many no authorization. Of course, the gentleman would not have us discriminate.

Mr. BEITER. I certainly would not want the gentleman to discriminate, but I wish to point out that in the Army engineers' report on this project it is clearly shown that on the Canadian shore of Lake Ontario there are 20 refuge harbors while on the American shore there are only 5. The two closest to Wilson, Niagara and Olcott, are inadequate from the standpoint of protection and capacity. In view of that fact, I believe something should be done to remedy the conditions that exist there and to take care of the many boats that are seeking some kind of a refuge harbor. The season is at hand for that kind of activity.

Mr. SNYDER of Pennsylvania. I feel sure the War Department will take care of the project in some way if an emergency condition exists.

Mr. BEITER. I know a study is being made of all the harbors on the Great Lakes, but it may take several years before that study is completed. We are eager to get a little something in this bill. The amount is so small that we had hoped the conferees would agree to include this item.

Mr. SNYDER of Pennsylvania. I quite sympathize with the gentleman from New York, but the gentleman would not want to have that improvement given priority over a lot of others ahead of it on the list. This one ought to take its turn.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I should like to ask the gentleman about amendments Nos. 11 and 12 and see if I am right in my understanding of the situation. From the report and from the bill it would seem to me that what you are trying to do in amendments 11 and 12 is include the spending of money for flood defenses the same as for river and harbor projects.

Mr. SNYDER of Pennsylvania. The gentleman is correct.

Mr. JENKINS of Ohio. In other words, in amendment No. 11 you strike out the words "rivers and harbors" so that the language in lines 19 and 22 on page 6 would then apply to flood control.

Mr. SNYDER of Pennsylvania. That is correct.

Mr. JENKINS of Ohio. With reference to amendments Nos. 19, 20, 21, and 22, where you take \$4,000,000 of the

flood-relief money and give it to the Department of Agriculture, was there any opposition to this move? Were those who favored flood control given any consideration by the conferees in any way? What is the history of this action?

Mr. SNYDER of Pennsylvania. I am glad the gentleman has brought up this question because it is one in which I know every Member is interested. Your conferees were advised that the Department of Agriculture and the Army are in absolute agreement. They wanted it this way.

Mr. JENKINS of Ohio. Then there is no contest over this at all?

Mr. SNYDER of Pennsylvania. No contest whatever; no. I may say further that we had testimony to the effect that the two agencies go into a community and study a problem as one problem, and the Department of Agriculture does its work in the community and the Army does its work there. They are cooperating 100 percent.

Mr. JENKINS of Ohio. In other words, it developed that the bill as it stood had not given adequate consideration to the surveys they are going to make with this additional \$3,000,000.

Mr. CITRON. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. CITRON. Is the total amount for rivers and harbors reduced?

Mr. SNYDER of Pennsylvania. No; it is increased by \$18,000,000.

Mr. CITRON. Is the total amount with regard to flood control reduced?

Mr. SNYDER of Pennsylvania. No; and the amount provided for flood control is all that the Corps of Engineers feel they can spend within the fiscal year.

Mr. CITRON. So the item with regard to the Thames River in Connecticut remains as it was originally in the bill?

Mr. SNYDER of Pennsylvania. Yes.

Mr. BEITER. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. BEITER. The gentleman yielded to the gentleman from Michigan before I had completed by statement.

Mr. SNYDER of Pennsylvania. I beg the gentleman's pardon.

Mr. BEITER. The gentleman stated he was sure I would not want preference shown to other communities that had a similar condition existing. I would like to state to the gentleman that in this particular community the local interests are willing to comply with the request of the Federal Government in making a contribution for their proportionate share of the cost and the same condition does not exist in other communities, and for this reason I was hopeful the conferees would permit this amendment of \$134,000 to remain in the bill.

Mr. SNYDER of Pennsylvania. I am sure the gentleman will agree with me that that matter should go before the legislative committee having jurisdiction for authorization, after which it would come before the House through the same channels as do all similar items handled in a regular way. I can, perhaps, look into the faces of half a dozen men here who have projects of a similar nature which they thought should be included in this bill, but we simply could not adopt such a course.

Mr. BEITER. I would agree with the gentleman if this were establishing a precedent, but this is not establishing a precedent. This has been done on many occasions, and for this reason I was hopeful the conferees would permit it to remain in the bill. I suppose this conference report will be adopted, but I am greatly disappointed that this item has been dropped. However, we will continue our efforts to secure Federal aid, and I hope the Congress will see fit to appropriate the necessary funds in the near future.

Mr. CITRON. Mr. Speaker, will the gentleman yield for one further question?

Mr. SNYDER of Pennsylvania. Yes; I yield to the gentleman.

Mr. CITRON. Does the item in regard to the Connecticut River remain as it was in the bill originally?

Mr. SNYDER of Pennsylvania. It remains just as it passed the House.

Mr. WILCOX. Mr. Speaker, will the gentleman yield for a question?

Mr. SNYDER of Pennsylvania. I yield.

Mr. WILCOX. Do I understand from the gentleman that, if the conference report is adopted as recommended by the conferees, all river and harbor projects will occupy the same status they did before the passage of the bill through the House?

Mr. SNYDER of Pennsylvania. With the exception of the \$18,000,000 additional, as to which we have had the Army engineers set up a priority list, with which the committee had nothing to do.

Mr. WILCOX. The conferees have agreed to an addition of \$18,000,000 above the \$70,000,000 that was originally made available for river and harbor projects?

Mr. SNYDER of Pennsylvania. Above the \$94,000,000, because our bill carried a reappropriation of \$24,000,000, and as to the total the Army engineers have the say as to where it will be spent.

Mr. WILCOX. And except for these additional projects, all projects will remain in the same status that they had before the passage of the bill?

Mr. SNYDER of Pennsylvania. Yes.

Mr. HAINES. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. HAINES. As I understand, the surveys that have been undertaken and completed by the Army engineers can be carried out by reason of the enactment of this bill?

Mr. SNYDER of Pennsylvania. They are the only ones that can be carried out; yes.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore (Mr. O'CONNOR of New York). The question is on the adoption of the conference report.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 7: Page 4, after line 6, insert:

"The Secretary of War is authorized to convey to any State, county, municipality, or proper agency thereof, in which the same is located, all the right, title, and interest of the United States in and to any Government owned or controlled approach road in any national cemetery: *Provided*, That prior to the delivery of any instrument of conveyance hereunder, the State, county, municipality, or agency to which the conveyance herein authorized is to be made, shall notify the Secretary of War in writing of its willingness to accept and maintain the road included in such conveyance: *Provided further*, That upon the execution and delivery of any conveyance herein authorized, the jurisdiction of the United States of America over the road conveyed shall cease and determine and shall thereafter vest in the State in which said road is located."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 10: Page 6, after the figures "1938", line 6, insert "and of which amount not exceeding \$10,000 shall be available for expenditure in the discretion of the High Commissioner for maintenance of his household and such other purposes as he may deem proper."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 11: Page 6, line 18, strike out the caption "Rivers and Harbors."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 12: Page 6, line 23, insert the caption "Rivers and Harbors."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 15: Page 8, line 12, strike out the word "addition" and insert "augmentation of the foregoing appropriation of \$95,020,000."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

In lieu of the matter inserted by said amendment, insert the following: "augmentation of the foregoing appropriation of \$70,020,000, \$18,000,000 of the amount named for public projects in the second limitation under (d) in subsection 1 of section 1, title I, of the Emergency Relief Appropriation Act of 1938, shall be available exclusively for the objects embraced by this paragraph: *Provided*, That nothing herein shall be construed as amending or modifying the provisions of section 3 of title I of such act: *Provided further*, That the requirement in section 5 of title I of such act that no Federal construction project, with certain exceptions, shall be undertaken unless and until there have been allocated and irrevocably set aside sufficient funds for its completion is hereby waived as to this appropriation; and further in augmentation of the foregoing appropriation of \$70,020,000."

The motion was agreed to.

Mr. SNYDER of Pennsylvania. Mr. Speaker, amendments Nos. 19, 20, 21, and 22 relate to a single proposition. We propose to do what the Senate has sought to do, and the amendments which I shall offer will be merely in the interest of clarification and definiteness. I ask unanimous consent that the four amendments may be considered together.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the four amendments.

The Clerk read as follows:

Amendment No. 19: Page 10, line 20, strike out "\$3,000,000" and insert "\$7,000,000."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move that the House recede and concur in Senate amendment No. 19.

The motion was agreed to.

The Clerk read as follows:

Senate amendment No. 20: Page 10, line 22, after the word "agriculture", insert "of which sum not to exceed \$3,000,000 shall be expended."

Senate amendment No. 21: Page 10, line 23, insert the following: "And not to exceed \$4,000,000 shall be expended for the prosecution of works and measures."

Senate amendment No. 22: Page 11, line 2, after the word "projects", insert "heretofore or hereafter."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move that the House recede and concur in amendments Nos. 20, 21, and 22 with the following amendments, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment No. 20: In lieu of the matter inserted by said amendment, insert the following: "and of such sum not to exceed \$3,000,000 shall be available."

Amendment No. 21: In lieu of the matter inserted by said amendment, insert the following: "as authorized by law."

Amendment No. 22: In lieu of the matter inserted by said amendment, insert the following: "and not to exceed \$4,000,000 shall be available for the prosecution, under plans to be approved by the Secretary of Agriculture, of works of improvement for measures of run-off and water-flow retardation and soil-erosion prevention upon the watersheds of waterways for which works of improvement for the benefit of navigation and the control of destructive floodwaters and other provisions have been or hereafter may be adopted or."

The SPEAKER pro tempore. The question is on agreeing to the motion of the gentleman from Pennsylvania.

The motion was agreed to.

The **SPEAKER** pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 23: Page 11, line 12, strike out "as amended by the Flood Control Act, approved June 15, 1936 (49 Stat. 1508)" and insert "as amended and supplemented."

Mr. **SNYDER** of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment numbered 23 with an amendment which I send to the desk and ask to have read.

The Clerk read as follows:

In lieu of the matter inserted by the Senate in place of the matter proposed by the House, insert the following: "As at present or subsequently amended and supplemented."

The **SPEAKER** pro tempore. The question is on agreeing to the motion of the gentleman from Pennsylvania.

The motion was agreed to.

The **SPEAKER** pro tempore. Without objection, motions to reconsider the several motions which have been agreed to will be laid on the table.

There was no objection.

REGISTRATION OF CERTAIN PERSONS DISSEMINATING PROPAGANDA

Mr. **CELLER**. Mr. Speaker, I call up the conference report on the bill (H. R. 1591) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York that the statement be read in lieu of the report.

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1591) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, and 4.
That the House recede from its disagreement to the amendment of the Senate numbered 1 and agree to the same.

HATTON W. SUMNERS,
EMANUEL CELLER,
U. S. GUYER,

Managers on the part of the House.

KEY PITTMAN,
PAT MCCARRAN,
WM. E. BORAH,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 1591) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

There were four Senate amendments to the bill, two of which were clerical.

The first amendment of the Senate reworded the definition of "foreign principal." The amendment is made apparent by printing the House provision in roman with matter stricken out by the Senate amendment enclosed in black brackets, and new matter added by the Senate amendment in italics, as follows:

"(c) The term 'foreign principal' means the government of a foreign country, a political party of a foreign country, a person [not a resident of the United States, or any foreign business or political organization] domiciled abroad, or any foreign business, partnership, association, corporation, or political organization."

The House conferees agreed to this amendment.

The second amendment of the Senate added a new section to the bill authorizing an appropriation of \$75,000 for the enforcement of the act. The Senate receded and this amendment has been omitted.

The third and fourth amendments of the Senate were merely changes of section numbers made necessary by the adoption of

the second amendment. Inasmuch as the second amendment has been omitted, these amendments are unnecessary and have been omitted also.

HATTON W. SUMNERS,
EMANUEL CELLER,
U. S. GUYER,

Managers on the part of the House.

Mr. **CELLER**. Mr. Speaker, this bill was introduced as a result of recommendations of the special committee that was appointed in the Seventy-third Congress to investigate un-American activities in the United States. A very careful study was made of the organizations in this country which organizations aimed arbitrarily to group certain American citizens and persons in the United States and to inculcate such principles and teachings in these persons as to influence the internal and external political policies of our country.

Incontrovertible evidence has been submitted to prove that there are many persons in the United States representing foreign governments or foreign political groups who are supplied by such foreign agencies with funds and other materials to foster un-American activities and to influence the external and internal policies of this country, thereby violating both the letter and the spirit of international law, as well as the democratic basis of our own American institutions of government.

Evidence before the Special Committee on Un-American Activities disclosed that many of the payments for this propaganda service were made in cash by the consul of a foreign nation, clearly giving an unmistakable inference that the work done was of such a nature as not to stand careful scrutiny.

As a result of such evidence this bill was introduced, the purpose of which is to require all persons who are in the United States for political propaganda purposes—propaganda aimed toward establishing in the United States a foreign system of government, or group action of a nature foreign to our institutions of government, or for any other purpose of a political propaganda nature—to register with the State Department and to supply information about their political propaganda activities, their employers, and the terms of their contracts.

This required registration will publicize the nature of subversive or other similar activities of such foreign propagandists, so that the American people may know those who are engaged in this country by foreign agencies to spread doctrines alien to our democratic form of government or propaganda for the purpose of influencing American public opinion on a political question.

Under the terms of the bill no foreign corporation engaged in honorable trade relations with this country will find it necessary to register, but whenever representatives are sent here to spread by word of mouth, or by the written word, the ideology, the principle, and the practices of other forms of government and the things for which they stand, then registry must be made. All that is required is to label the sources of pernicious propaganda.

There is nothing in the bill to offend any nation, group, or individual. The bill requires no registration of duly accredited diplomatic or consular officials of a foreign government who are so recognized by the Department of State of the United States. Likewise will the provisions of this measure have no reference to nor include any person performing only private, nonpolitical, financial, mercantile, commercial, or other activity in furtherance of bona fide trade or commerce of a foreign principal.

This bill does not in any way impair the right of freedom of speech, or of a free press, or other constitutional rights. On the other hand, this measure does provide that an alien coming to or in the United States for propaganda purposes of a political nature, and American citizens who accept foreign political propaganda employment, shall register; and this was found necessary, in a number of cases, through the revelations of the Committee on Un-American Activities.

We believe that the spotlight of pitiless publicity will serve as a deterrent to the spread of pernicious propaganda. We feel that our people are entitled to know the sources of any such efforts, and the person or persons or agencies carrying on such work in the United States.

Such propaganda is not prohibited under the proposed bill. The purpose of this bill is to make available to the American public the sources that promote and pay for the spreading of such foreign propaganda. Our National Food and Drug Act requires the proper labeling of various articles and safeguards the American public in the field of health. This bill seeks only to do the same thing in a different field, that of political propaganda. Propaganda efforts of such a nature are usually conducted in secrecy, which is essential to the success of these activities. The passage of this bill will force propaganda agents representing foreign agencies to come out in the open in their activities, or to subject themselves to the penalties provided in said bill.

This bill does not amend or repeal existing law.

Mr. Speaker, I shall be pleased to yield for questions if there are any.

Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

CAMPAIGN EXPENDITURES

Mr. O'CONNOR of New York. Mr. Speaker, I call up House Resolution 291.

The Clerk read as follows:

Resolved, That a special committee of seven be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January 3, 1939, the campaign expenditures of the various candidates for the House of Representatives in both parties, or candidates of parties other than or independent of the Democratic or Republican Parties, the names of persons, firms, associations, or corporations subscribing, the amount contributed, the methods of collection and expenditures of such sums, and all facts in relation thereto, not only as to subscriptions of money and expenditures thereof but as to the use of any other means or influences, including the promise or use of patronage, and all other facts in relation thereto that would not only be of public interest but would aid the Congress in necessary legislation or in deciding any contests which might be instituted involving the right to a seat in the House of Representatives.

The investigation hereby provided for in all the respects above enumerated shall apply to candidates and contests before primaries, conventions, and the contests and campaigns of the general election in 1938, or any special election held prior to January 3, 1939. Said committee is hereby authorized to act upon its own initiative and upon such information which in its judgment may be reasonable and reliable. Upon complaint being made before such committee, under oath, by any person, persons, candidates, or political committee setting forth allegations as to facts which, under this resolution, it would be the duty of said committee to investigate, said committee shall investigate such charges as fully as though it were acting upon its own motion, unless, after hearings on such complaints, the committee shall find that such allegations in said complaints are immaterial or untrue.

That special committee or any subcommittee thereof is authorized to sit and act during the adjournment of the Congress, and that said committee or any subcommittee thereof is hereby empowered to sit and act at such time and place as it may deem necessary; to require by subpoena or otherwise the attendance of witnesses, the production of books, papers, and documents; to employ stenographers at a cost of not exceeding 25 cents per hundred words. The chairman of the committee or any member thereof may administer oaths to witnesses. Subpoenas for witnesses shall be issued under the signature of the chairman of the committee or subcommittee thereof. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties as prescribed by law.

Mr. O'CONNOR of New York. Mr. Speaker, this is the usual resolution introduced toward the end of each session, by whichever party is in the majority, to appoint a committee of the House to watch over elections for Representatives in Congress. It is in the usual form.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. SNELL. As I glance through the resolution it seems to be in the usual form, but I notice it contains a provision

that the committee shall make a report. Has that always been in these resolutions?

Mr. O'CONNOR of New York. I am quite sure it has. Whether they actually did report, I cannot say.

Mr. SNELL. It gives them the right to report.

Mr. O'CONNOR of New York. The committee should report, of course. All committees should report.

Mr. SNELL. As I remember, the average committee set up for this purpose investigates a situation when complaint is made to them. I wonder, in light of some of the developments that have taken place during the past few months, if this resolution should not be even broader than it is at the present time. As far as I know, the greatest influence that has been used to carry elections and influence the voters is propaganda and influence from various departments here in Washington, especially the W. P. A. Why should not the resolution be broadened to include the right to look into and investigate the activities of some of the governmental departments in connection with the primaries and also elections?

Mr. O'CONNOR of New York. Offhand, my opinion is that the resolution is broad enough to do that. Personally, I think it is broad enough to do it. I sincerely hope complaints made to the committee along this line will be investigated.

Mr. SNELL. It seems to me that is of special importance in the light of the developments that have taken place in the last 2 months here in Washington.

Mr. O'CONNOR of New York. I agree with the gentleman.

Mr. SNELL. I am glad the gentleman himself thinks the resolution is broad enough to include any of those cases that are especially called to the attention of the committee.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. BOILEAU. The language of the resolution on page 1, line 5, reads:

The campaign expenditures of the various candidates for the House of Representatives in both parties.

I suppose "both parties" means the Farmer-Labor Party and the Progressive Party. Then follows language stating:

Or candidates of parties other than or independent of the Democratic or Republican Parties.

If the interpretation is placed on it that I think properly should be placed upon the phrase "both parties" that would exclude investigation of the Republican and Democratic Parties. Personally I believe there is a little more need to investigate these parties and more justification for investigation of these parties than any of the other parties. It seems to me the gentleman has gone a long way in using unnecessary language in this particular clause, because if the thought was to investigate candidates of all parties why does not the resolution read "of the various candidates for the House of Representatives"?

Mr. O'CONNOR of New York. I am not the author of this resolution.

Mr. BOILEAU. But it has been reported out by the gentleman's committee. I am not finding fault with the chairman of the Committee on Rules, I am just pointing out a custom that I think is prevalent here in the House to an unnecessary and undue degree of talking about "both parties." It is ridiculous. There are a lot of people out in the Middle West to whom "both parties" means only Farmer Labor Party and Progressive Party.

Does not the gentleman think the resolution ought to be amended to read "to investigate, and so forth, the campaign expenditures of the various candidates of the House of Representatives"?

Mr. O'CONNOR of New York. It says "both parties or." I did not think the Farmer-Labor Party ever used any money to elect its representatives.

Mr. BOILEAU. I want to bring out the interpretation I place upon it. The only ones who would be investigated would be the Farmer-Laborites and the Progressives. It is stated "or candidates of parties other than or independent of the Democratic or Republican Parties." That clause excludes the Republicans and Democrats.

Mr. O'CONNOR of New York. This inquiry is particularly directed to the Democratic Party because there is no need of investigating the Republican Party. That party is defunct anyway. This resolution is to take care of our own Democratic primaries.

Mr. BOILEAU. You will find that the Democratic and Republican Parties are excluded from the investigation. It does not make so much difference what they do, because we are accustomed to having them use considerable money received from sources which we sometimes question. We do not worry much about that. The fact of the matter remains the language is not clear. Unnecessary language has been used. If it had been stated "various candidates for the House of Representatives," leaving all the rest of the language out, there would be no question.

Mr. TABER. Will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from New York.

Mr. TABER. Does the gentleman from Wisconsin feel badly because there is not a proposal to investigate the Progressive Party and its operations?

Mr. BOILEAU. The gentleman is in error. This resolution investigates only the Progressives and Farmer-Laborites, according to the interpretation I put on the language. The next clause excludes the Democratic and Republican Parties.

Mr. O'CONNOR of New York. I do not think there is anything to that at all. It says "in both parties, or candidates of parties."

Mr. BOILEAU. "Other than or independent of the Democratic or Republican Parties."

Mr. O'CONNOR of New York. But both parties, probably meaning the Democratic and Republican Parties, are included in the first clause.

Mr. BOILEAU. That is the whole point. If you mean by "both parties" the Democratic and Republican Parties, we are justified in that assumption.

Mr. SNELL. This is the first time I have ever known of anyone finding fault because he was not going to be investigated. If you want to leave out the Republican Party you may feel at liberty to do so.

Mr. BOILEAU. Our parties are specifically included in here and are to be investigated.

Mr. KNUTSON. Will the gentleman yield?

Mr. O'CONNOR of New York. For a question.

Mr. KNUTSON. For an observation.

Mr. O'CONNOR of New York. I gladly yield to the distinguished gentleman to observe.

Mr. KNUTSON. Following the suggestion of the distinguished minority leader, the Republicans would be perfectly willing to have the words "New Deal Party" substituted for the word "Republican." I wonder if this resolution is broad enough to cover the New Deal Party. I realize that party has its tentacles reaching out all over the country and I wonder if the resolution is broad enough to embrace the New Deal Party.

Mr. O'CONNOR of New York. It says "candidates of all parties." They are not further described or identified by birth, race, custom, or habit.

Mr. KNUTSON. Is the New Deal aggregation a party or is it a conglomeration of the malcontents from all the other parties?

Mr. O'CONNOR of New York. The gentleman has his own ideas about that, of course.

Mr. KNUTSON. Decidedly.

Mr. TABER. Will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the distinguished gentleman from New York.

Mr. TABER. I note that the minority leader indicated he was interested in having governmental propaganda and activities of, perhaps, an irregular character covered by this resolution. I call the gentleman's attention to the last part of the first page, beginning with the word "and," in line 13, where it is stated, "and all other facts in relation thereto that would not only be of public interest but would aid the Congress in necessary legislation." Does not the gentleman

think that would permit the committee to go out and investigate that sort of a situation?

Mr. O'CONNOR of New York. Oh, yes; including the previous clause where it is stated "including the promise or use of patronage." That makes it more precise.

Mr. BOILEAU. Does not the gentleman believe the language would be much clearer if we stopped after the words "for the House of Representatives", in line 5, and strike out the phrase "in both parties or candidates of parties other than or independent of the Democratic or Republican Parties"? Does not the gentleman believe that that would be more clear and more concise and would cover the field?

Mr. O'CONNOR of New York. Of course, you could spend the rest of your life editing bills and resolutions. This is a form that has served its purpose for many years.

Mr. BOILEAU. You have used the old form and injected something new when we had third parties. In the interest of clarity and the use of good language that clause should be stricken out. It would cover the whole purpose I am sure. I am willing to admit my remarks are somewhat facetious, but I think in the interest of clarity and the use of good language that clause should be stricken out.

Mr. O'CONNOR of New York. Mr. Speaker, I move the previous question on agreeing to the resolution.

The previous question was ordered.

The resolution was agreed to, and a motion to reconsider was laid on the table.

AMENDMENT OF UNITED STATES HOUSING ACT OF 1937

Mr. O'CONNOR of New York. Mr. Speaker, I call up House Resolution 514 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 514

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10663, a bill to amend the United States Housing Act of 1937. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. TABER. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER. Obviously there is not a quorum present.

CALL OF THE HOUSE

Mr. O'CONNOR of New York. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 94]

Allen, Del.	Duncan	McGroarty	Schulte
Atkinson	Elcher	McLean	Shafer, Mich.
Bacon	Faddis	McMillan	Smith, Okla.
Barden	Flannagan	McReynolds	Somers, N. Y.
Biermann	Fulmer	Maas	Steagall
Buckley, N. Y.	Gasque	Mahon, S. C.	Sullivan
Bulwinkle	Gifford	Martin, Colo.	Summers, Tex.
Byrne	Gingery	Mason	Sweeney
Cannon, Wis.	Gray, Pa.	Mitchell, Ill.	Taylor, Colo.
Carter	Green	Mitchell, Tenn.	Taylor, Tenn.
Champion	Greenwood	Mosier, Ohio	Thom
Chapman	Griswold	Mouton	Thurston
Clark, Idaho	Guyer	Norton	Tobey
Clark, N. C.	Hancock, N. C.	O'Connor, Mont.	Vincent, Ky.
Cluett	Harlan	O'Day	Vinson, Ga.
Cochran	Harrington	Palmisano	Wadsworth
Cole, Md.	Johnson, Minn.	Parsons	Wearin
Crosby	Kelly, Ill.	Patman	Weaver
Curley	Kelly, N. Y.	Peterson, Fla.	Wene
Dingell	Kerr	Pettengill	West
Dirksen	Kniffin	Phillips	Whelchel
Disney	Kopplemann	Pierce	White, Idaho
Ditter	Lewis, Md.	Polk	White, Ohio
Dockweiler	Lord	Randolph	Whittington
Doughton	Luecke, Mich.	Richards	Wood
Douglas	McClellan	Robertson	
Drewry, Va.	McGrath	Sabath	

The SPEAKER. Three hundred and twenty-two Members have answered to their names, a quorum.

On motion of Mr. O'CONNOR of New York, further proceedings under the call were dispensed with.

AMENDMENT OF UNITED STATES HOUSING ACT OF 1937

Mr. O'CONNOR of New York. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. Speaker, this is a rule for the consideration of the Housing bill, a bill to amend the bill we passed last year for low-cost housing and slum clearance. In the bill we passed last year we authorized \$500,000,000 for low-cost housing and slum clearance. The main purpose of this bill is to increase that amount by \$300,000,000.

There are some other features of the bill in controversy. The provision as to increasing the amount by \$300,000,000 was not controverted in the committee to any substantial extent.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from New York.

Mr. FISH. Does this bill increase the amount by \$300,000,000? Is that what the gentleman stated?

Mr. O'CONNOR of New York. That is the prime purpose of the bill.

Mr. FISH. I thought it increased the amount by \$500,000,000.

Mr. O'CONNOR of New York. No. The President sent a message on April 14 recommending an increase of \$300,000,000. There was talk about a \$500,000,000 increase, but the bill carries out the President's recommendation.

Mr. LUCE. If the gentleman will yield, Mr. Straus all through the hearings talked of it as a billion dollars, as if he would have at his command a billion dollars.

Mr. O'CONNOR of New York. It is \$500,000,000 plus \$300,000,000, which to me makes \$800,000,000, just a little short of a billion.

Mr. FISH. Of course, the gentleman knows that to us in the House there is not much difference between a million and a billion, anyway.

Mr. O'CONNOR of New York. The Committee on Rules considered this matter very thoroughly. On the proposition to increase the authorized amount by \$300,000,000 there was little dissension.

I am interested in this matter in part from this particular standpoint. As I said on the recovery program, probably the class of people who have been in distress during these 9 years of depression to a greater extent than others, have been our skilled mechanics, our carpenters, our plumbers, our bricklayers, our steamfitters, and so forth. All the building that has been going on has been Government building. There has not been enough to keep our skilled mechanics working. As a matter of fact, much of the building program, unfortunately, has been carried out by W. P. A. workers, the laboring class. Public buildings and schoolhouses have been built by W. P. A. labor, so our skilled mechanics have not had their fair share of work in our recovery program. There is a serious situation in that, because if we came out of the depression shortly, we would not have enough skilled mechanics. Few apprentices have been trained in many years during this depression. To put those people to work, a housing program is the best vehicle. The construction of buildings and homes uses more labor than any other program we have advocated. So for that reason, if it were not for other reasons, I am interested in this program to put our skilled mechanics to work. Our housing in this Nation has gone way behind the normal progress. It is way behind in comparison with any comparable nation. We need more housing. We need better homes for our people. There is a demand for them. This program will furnish employment and help our people generally to live under better conditions.

The difficulty in the Committee on Rules arose from the division in the Committee on Banking and Currency as to the proposition which occurs as an amendment on page

3 of the bill. Under existing law the local community must contribute 10 percent toward the cost of any one of these projects. In this bill there is an amendment which would waive that 10-percent contribution so that the Federal Government would have to contribute 100 percent of the cost of the low-cost housing or slum-clearance project. That is the main controversy in the consideration of this bill. The Committee on Rules brought this bill before the House so the House might thoroughly consider that feature of the bill, as to whether or not the Federal Government should contribute the entire cost or put the responsibility on the local community to contribute 10 percent toward the cost of the project.

Mr. WOODRUM. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from Virginia.

Mr. WOODRUM. The gentleman will point out, of course, that originally the law required a 20-percent contribution from the locality. That provision was amended to make the contribution only 10 percent. If this bill is passed as amended, as the gentleman has pointed out, it would not require any contribution but would provide for a 100-percent grant from the Federal Government.

Mr. O'CONNOR of New York. I believe that in between there was a 15-percent contribution provided for.

Mr. McKEOUGH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the distinguished gentleman from Illinois.

Mr. McKEOUGH. I must take issue with the gentleman from Virginia. The original bill provided for only a 10-percent contribution. There was never any 20-percent provision. When the bill was before the committee consideration was given to the 20-percent contribution.

Mr. WOODRUM. No; I mean existing law. Originally the Housing Authority Act required a 20-percent contribution.

Mr. McKEOUGH. This is the first amendment to the National Housing Act.

Mr. WOODRUM. My recollection differs from that of the gentleman.

Mr. O'CONNOR of New York. The gentleman may be confusing this with the Federal Housing Administration.

Mr. SPENCE. I believe the gentleman is confused about this because the act provides 20-percent contribution to the annual contributions, by the local authorities, not 20 percent to the original cost.

Mr. O'CONNOR of New York. Of course, under the Federal Housing Authority the individual who desired to build a home and to get a mortgage guaranteed by the Federal Housing Authority, originally was required to contribute 20 percent.

That requirement is now 10 percent. So the individual when he wants to build his own home must furnish at least 10 percent of the cost of construction. The question is whether or not the local community, city, town, or village, desiring to take advantage of this Federal assistance shall contribute at least 10 percent or nothing at all. It was a sharply defined issue in the Banking and Currency Committee. That committee was about evenly divided. It was a sharply defined issue in the Rules Committee, and I may say that the Rules Committee hesitated for some time about reporting a rule for the consideration of this bill because of the division of opinion in the Banking and Currency Committee.

We want to see more housing. The President recommended this additional \$300,000,000, and, as far as that goes, we are all for that. The other issue of the 10-percent contribution involved in this amendment is before the House and the House will determine whether or not the local communities shall contribute nothing or must continue to contribute 10 percent as under existing law.

Mr. TRANSUE. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. TRANSUE. In stating that the local communities contribute nothing at all, has the gentleman taken into consideration the tax exemptions and the waiving of assessments and other services which the communities must give in order to obtain one of these slum-clearance projects?

Mr. O'CONNOR of New York. Of course, all that will be developed in the course of the debate.

The principle of slum-clearance and low-cost housing is sound. The Federal Government's entrance into it has been a much-discussed program for several years. There is little question about the soundness of the fundamental principle involved. As to details of this bill, that is for the House to determine.

Mr. ZIMMERMAN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. ZIMMERMAN. From the gentleman's statement I got the impression the bill provides that the Government will furnish 100 percent for the construction of these buildings; is that correct?

Mr. O'CONNOR of New York. The bill does not do that, but the amendment adopted in the committee, the committee being about evenly divided on the amendment, provides that the 10-percent contribution be waived and the Government furnish 100 percent.

Mr. ZIMMERMAN. Will the municipality be required to furnish the land on which the building will be constructed or will the Government purchase the land and construct the building outright?

Mr. O'CONNOR of New York. The entire cost of acquisition and construction would be financed by the Federal Government under the amendment as reported by the committee.

Mr. ZIMMERMAN. And the slum-clearance project which the city gets would be a complete donation from the hands of the Federal Government?

Mr. O'CONNOR of New York. That statement is not exactly correct, because, theoretically, the Government loan is all going to be paid back.

Mr. ZIMMERMAN. I mean so far as construction is concerned.

Mr. O'CONNOR of New York. The original construction would not cost the local community anything under the proposed amendment.

Mr. WOODRUM. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman.

Mr. WOODRUM. The President's original proposal, of course, did not contain any such proposition as we have in this 10-percent provision.

Mr. O'CONNOR of New York. That is correct.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. DONDERO. Will this apply to small cities or just to the large cities?

Mr. O'CONNOR of New York. Oh, it applies to small communities as well as the larger ones. No one State can get over 10 percent, and any city that has a housing project, whether it is a slum-clearance project or individual-housing project, can come under this bill.

Mr. BARTON. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. BARTON. In New York City have any of these slum-clearance projects been taken down town or have they all been on the outskirts of the city, or does the gentleman know about that?

Mr. O'CONNOR of New York. Under this particular bill, or the existing law there are no slum-clearance projects in New York that have been built up to now. The existing projects were built under P. W. A. when they had housing or under other authorities, but let me tell the gentleman from New York that New York has always taken the position that they would raise the 10 percent. So New York City is not asking for the waiving of this 10 percent, so far as I know. Other cities are asking for it.

Mr. BARTON. Under this bill could these walk-up tenements such as the gentleman has in his district and I have in mine, which are boarded up, be converted and modernized? Would the funds here be applicable to such conversions, or must it be entirely new construction?

Mr. O'CONNOR of New York. Alterations and "walk-ups" are more specifically taken care of in the Federal Housing Act. We provided many times, and I have had something to say about it, for the alteration of existing houses in Manhattan under the Federal Housing Act. That is my idea of solving the housing problem in Manhattan—not 20-story apartments. We authorized all that at the last session, alterations up to \$50,000 and "walk-ups" up to \$200,000, but practically nothing has ever been done about it. In the years the authorities in charge have appeared to have no sympathy with alterations on tenements. Their only concern has been with the individual home and the large slum-clearance projects.

Mr. LANZETTA. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. LANZETTA. Under this bill there could be some slum clearance in New York City?

Mr. O'CONNOR of New York. Surely.

Mr. LANZETTA. And these buildings that are boarded up could be torn down and rebuilt?

Mr. O'CONNOR of New York. Oh, surely; there is no question about that.

Mr. LANZETTA. That is, provided the city authorities would be willing to do that?

Mr. O'CONNOR of New York. Of course, the city authorities or the local housing authorities would have to concur.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I gladly yield to the distinguished gentleman from Pennsylvania.

Mr. EBERHARTER. The gentleman has stated that the city of New York has not taken advantage of the provisions of the United States Housing Act; does the gentleman feel that the proviso in this bill which requires that the slums be eliminated before any new housing can be constructed is one of the restrictions which prevents the city of New York from taking advantage of the legislation?

Mr. O'CONNOR of New York. I did not say that. The city of New York has taken advantage of the National Housing Act and shall continue to do so. I meant to say that no projects had actually been started under it. That all takes time, but we can use our allotment of 10 percent of the total of eight hundred millions and would like much more to be available to us.

Mr. EBERHARTER. In other words, you must eliminate a number of slum dwellings for every new housing unit?

Mr. O'CONNOR of New York. I am not so sure about that. As I have said, the city of New York is taking advantage of this act. They already have an allocation of some \$30,000,000. Of course it takes time to acquire the land and develop the project.

Mr. EBERHARTER. In other words, the city of New York will demolish so many housing units for every new housing unit constructed under this program?

Mr. O'CONNOR of New York. I believe that is the plan.

Mr. CRAWFORD. Does the gentleman feel that he is correct when he says that such money as the Federal Treasury advances for these projects will be paid back?

Mr. O'CONNOR of New York. I said "theoretically" it would be paid back.

Mr. CRAWFORD. Has the gentleman looked into this proposition sufficiently to see whether or not for each billion dollars we put into these buildings it will cost the Federal Treasury approximately \$2,100,000,000? Could the gentleman confirm that statement?

Mr. O'CONNOR of New York. I do not know about those figures. All I know is that the principle of our Government meeting the housing problem is sound, but I do want to see the Federal Government safeguard itself as far as possible,

and not be imposed upon. I do not want to see the Federal Government further break down the morale of our people, whether it be the individual or a city or a town or a village or any other community. You can break down the morale of a people by giving them too much charity, taking care of them to too great an extent, so that they have no initiative or ambition on their own part. While it has already been done to some extent with the individual, I just have the thought in mind that it should not be done with our cities or other local units. I can remember the time when our States were proud, when they said, "We can take care of ourselves, we don't need to go to the Federal Government." The State of New York used to say, "We have 13,000,000 people in our State, and we have 7,000,000 people in our city of New York. We are self-sustaining. We don't have to take the pauper's oath for anybody." I should like to see that spirit, that morale still pervade this country. [Applause.]

I reserve the remainder of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, no one can quarrel with the splendid motive back of this bill. No one wants more than I to clear the slums and give the poor people of this country a better chance. I must, however, point out the rather peculiar circumstances which confront its consideration in its present form. Apparently the bill as it stands lacked a majority of the membership of the Banking and Currency Committee. Certainly it is here without the approval of the membership of the Rules Committee, which voted for a rule only because the committee felt it was a subject worthy of the consideration and not because of approval of the text. The chief point in dispute, of course, is the requirement of a local contribution of 10 percent. We all want to bring a little sunshine and happiness to those in the great cities, and give employment to people, but at the same time we do owe a duty to protect the finances of the country. It would do the poor people no good if as a result of financial debauchery we destroy the opportunity for work by bringing hard times. It is not difficult to imagine the deluge of applications which would come from every city and town in this country if no local contribution was required. It would be a riot to see who would get first to the trough, and I am afraid merit would be entirely disregarded.

Under the present law the management is with the local people. With the Federal Government putting up all the money it could not consistently turn the administration over to outsiders.

Mr. TRANSUE. Is not that what the gentleman's party proposes to do with all relief?

Mr. MARTIN of Massachusetts. Not in maintaining large holdings of buildings.

Mr. TRANSUE. Turning the administration of relief over to State authorities?

Mr. MARTIN of Massachusetts. Oh, the gentleman is confusing the issue. What does the gentleman stand for?

Mr. TRANSUE. I am for this bill.

Mr. MARTIN of Massachusetts. How is the gentleman on the other bill?

Mr. TRANSUE. I am for that, too.

Mr. MARTIN of Massachusetts. And which is that?

Mr. TRANSUE. The other bill.

Mr. MARTIN of Massachusetts. Is the gentleman in favor of turning relief back to the States?

Mr. TRANSUE. No; I am not.

Mr. MARTIN of Massachusetts. That is all, then. I do not yield any more. Furthermore, the evidence which came out before the Committee on Rules was the administrator is evading the real intent of the law. When Congress passed the last bill it positively expected a 10-percent contribution on the part of the applicant. All the debate will positively confirm this contention.

Mr. TRANSUE. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. No; I am sorry. I repeat, it is declared the administrator functions to the end the 10-percent contribution will not be made. I would like

to inquire, Is Mr. Strauss bigger than the Congress of the United States? Who is he that he can interpret the law as he wants it interpreted rather than in accordance with those who framed the legislation? This is typical of the danger we are rapidly getting into in this country by constantly holding up bureaucracy. These bureaus actually are coming to believe they are greater than the Congress that creates them. We must combat this threat if we are going to save our representative form of government.

Mr. HOUSTON. We had a chance to check it through the reorganization bill, but we could not get the gentleman's support.

Mr. MARTIN of Massachusetts. What does the gentleman mean by "checking it"?

Mr. HOUSTON. Checking bureaucracy in the Government. That is what we wanted to do.

Mr. MARTIN of Massachusetts. Oh, no; the advocates of reorganization had no such thought in mind in bringing forward the reorganization bill. That bill would strengthen bureaucracy and make Congress a mere rubber stamp of the bureaucrats. Place all the power of spending in the bureaus, control the civil service, and abolish the Comptroller, and you give more power to bureaucracy.

Mr. HOUSTON. But under that bill Congress in 60 days could vacate any reorganization that might be made.

Mr. MARTIN of Massachusetts. That would not happen, and in the meantime bureaucracy would be in complete control. I have no opposition to the rule, because I believe this subject is worthy of consideration. I hope we shall have a sane moment when we come to consider this amendment. Let us for once protect the Treasury of the United States. Let us not make a great humane proposal a football of politics where every city and town will be striving to get its share of the pork, regardless of merit or need, where every city and town will seek something for nothing, with the result it will cost this Government many billions of dollars before we get through. I can see, unless we have some check, a raid which would shake the financial structure of the country.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. KNUTSON. How does the gentleman figure we can cut down expenses when they have increased the Government personnel here in Washington by 400,000?

Mr. MARTIN of Massachusetts. No one in authority hereabouts of late has claimed reduction of expenditures.

Mr. KNUTSON. The gentleman has been urging it. How can they do it when they have so many deserving Democrats to be taken care of?

Mr. MARTIN of Massachusetts. Long ago I gave up all expectation of reducing Government expenditures. In this administration it is like the weather—we talk about it but we do not do anything about it.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. CRAWFORD. I wish to ask the gentleman a very serious question with reference to this bill to get the benefit of his judgment.

The original bill started out on the theory that we would spend \$500,000,000 for this purpose, spread over 3 years, \$100,000,000 to be spent the first year and \$200,000,000 in each of the 2 succeeding years. It took into consideration the fact that the States would have to pass enabling acts so that the cities and towns could come in under the Federal law. Some of the States have acted, some have not. It also took into consideration the fact that slums would have to be demolished as new places were built for people to occupy. It went ahead on the philosophy that we should spend time and consideration in arranging a program that may run into a cost of billions and billions of dollars before these people are housed. Now we come along and hit a financial depression, a depression.

Mr. MARTIN of Massachusetts. Depression or recession?

Mr. CRAWFORD. Depression, spelled with a capital "D." And the philosophy then springs forth that what we should do is to desert our original plan of sane, serious consideration,

taking steps carefully, and convert this into a straight relief problem of speedy spending, so that we can spend, as the Administrator asked the other day before the committee, not \$100,000,000 in the first year, but that over the 3-year period we spend \$1,000,000,000 instead of the original \$500,000,000. The committee has seen fit to give him \$800,000,000, or has jumped it up \$300,000,000.

I want the benefit of the gentleman's judgment with reference to jumping from a sane, sensible, planned housing and slum-clearance program into a speedy spending program. What does the gentleman think about shifting in the middle of the stream?

Mr. MARTIN of Massachusetts. The facts are that right now everybody is trying to grab all they can get while the grabbing is good.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. SIROVICH. The gentleman is one of the most lovable characters on the Republican side of the House. [Applause.] For him we all have a personal affection and admiration. Surely he would not want to have us go away from this session feeling that he is not interested in tearing down the worst slums in America, slums that are breeding disease, criminality, corruption, and thus help the type of humanity that are ill-fed, ill-clothed, and ill-housed, the type that ought to be lifted up. He is too honorable a man, too greatly esteemed as the assistant minority leader to make me feel that he is not in sympathy with the legislation proposed in this bill.

Mr. MARTIN of Massachusetts. I am afraid my good friend the doctor, for whom I have a high regard, did not listen very carefully to my statement. I stated I was 100 percent in favor of the humane motives back of this legislation; but I am trying to protect the Government, I am trying to protect the original purpose of the bill, because I want to see it succeed. I do not want to see this matter made the football of politics to the end it will be terminated or else become a national scandal. In other words, the lifting of the submerged masses is very much in my mind. I want to help them but I want to do it effectively and at the same time provide the necessary safeguards.

Mr. SIROVICH. If the gentleman will yield further, I may say that I have seen human beings living in homes over a hundred years old, buildings unfit even to house cattle.

Mr. MARTIN of Massachusetts. That is true, and those places ought to be removed. We all want to help in the right way.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from New York.

Mr. FITZPATRICK. Under existing law there are many slums in localities that cannot meet the 10 percent. What would the gentleman do with them?

Mr. MARTIN of Massachusetts. I cannot believe that here in the United States there is any locality that cannot raise the 10 percent, if it is a worthy project.

Mr. FITZPATRICK. Assuming they cannot.

Mr. MARTIN of Massachusetts. I do not assume that for a moment, because I cannot believe that here in the United States any locality is so lacking in public spirit and community spirit that it cannot give 10 cents when the Government gives 90 cents. Particularly when it is to be a contribution for the betterment of that community.

Mr. FITZPATRICK. Fall River has a great many slums.

Mr. MARTIN of Massachusetts. And Fall River does not seek to financially ruin the country. It is willing to contribute a small part for an improvement. It wants above all a chance for prosperity and to see conditions where work at real wages will prevail.

Mr. FITZPATRICK. I have not heard anything from New York, but I have heard from one of my cities which claims it cannot meet the 10-percent provision.

Mr. WHITE of Ohio. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Ohio.

Mr. WHITE of Ohio. If the contention is true that they cannot produce 10 percent for this operation, how does it happen they are able to produce a 45-percent contribution for P. W. A.?

Mr. MARTIN of Massachusetts. They can contribute the 10 percent, and it is better for honest administration that they do; but if they give 10 percent for a meritorious project, there will not be as much left for the politicians to waste.

Mr. Speaker, I reserve the balance of my time.

Mr. DIES. Mr. Speaker, I yield 7 minutes to the gentleman from Ohio [Mr. BIGELOW].

Mr. BIGELOW. I am speaking now for an amendment that will be presented later, against which I believe a point of order will lie, but I hope the point of order will not be made. This amendment has nothing to do with the merit of the discussion on the amendments that may be proposed by the committee. However, there is another section that I would like to amend in a very slight particular.

The act provides that cities under 500,000 population must be limited to \$1,000 a room, while cities over 500,000 may spend \$1,250 a room.

Mr. HOUSTON. Why?

Mr. BIGELOW. Evidently it is supposed that in the larger cities there are elements of cost that increase the building cost above the cost of smaller cities. But we find surprising results when we compare these costs.

Cincinnati is a city of 472,000, yet the building costs in Cincinnati are higher than in Baltimore, Detroit, Los Angeles, and Philadelphia, all cities very much larger in population.

Kansas City has a population of 399,000, yet the building costs in Kansas City are greater than in Boston, Cleveland, Detroit, Los Angeles, Philadelphia, and Pittsburgh.

Instead of taking the city as a political unit to be used as the factor, we are asking that the metropolitan area be used. As I stated, Cincinnati is a city of 472,000 population, but Cincinnati has cities within itself.

Mr. DEMUTH. Will the gentleman yield?

Mr. BIGELOW. I yield to the gentleman from Pennsylvania.

Mr. DEMUTH. The gentleman referred to Cincinnati as having a higher index than Pittsburgh. The Cincinnati index is 95 percent as compared to Cleveland. The Pittsburgh index is 102.

Mr. BIGELOW. I have not the Pittsburgh index here. I did not bring with me the figures covering Pittsburgh.

Mr. DONDERO. Will the gentleman yield?

Mr. BIGELOW. I yield to the gentleman from Michigan.

Mr. DONDERO. I may say I am in sympathy with what the gentleman is attempting to do. To whom would he leave it to determine what the metropolitan area may be?

Mr. BIGELOW. The metropolitan area is reported by the Census Bureau, which reports on the population of the metropolitan area the same as it does on the city's population.

Mr. DONDERO. It would determine what municipalities would be affected within that area?

Mr. BIGELOW. Yes. In section 5 of this act, when they come to determine the cost of materials they use the following language: "The locality or metropolitan area"; but in the same section they use the words "of the city," whereas I think it should be the metropolitan area. Evidently the location of the political boundaries of a city have nothing to do with costs. It is the mass of population, the number of people that are gathered in a locality, that is an important factor in determining cost.

Cincinnati is just a little under the 500,000 mark, but we have a metropolitan area of nearly 800,000.

Mr. Speaker, I have a letter from Mr. Bleecker Marquette, secretary of the Cincinnati Metropolitan Housing Authority, from which I quote the following:

It was the intention of the Cincinnati Metropolitan Housing Authority to proceed with a new slum-clearance development in the West End which had been worked out and was ready for submission in tentative form to the United States Housing Authority. Every possible economy had been considered in the unit plans upon which we took tentative estimates. They showed a room cost of \$1,140 and no possibility of cutting down to under \$1,000 as required by the law. As a result we have had to abandon any

more slum clearance for the present in favor of vacant-land projects. The housing authority considers this unfortunate because these deteriorated areas should be eliminated and replaced, as part of our broad program.

I know the area they have in mind. It is the most blighted area in Cincinnati. It is so rotten, as a matter of fact, that when the city of Cleveland put on a Great Lakes exhibition they took as their worst example of slum conditions in the State of Ohio that particular section of Cincinnati; yet our Housing Authority says that unless this is changed so that they can go above the \$1,000 per room they cannot clear this area.

This is an area in which colored people live. We have had one slum clearance through which they removed a population 60 percent colored in order to build for white people, I suppose; but this leaves the colored people with nothing in Cincinnati.

I am pleading with you now, and when the time comes to offer the amendment, I hope the chairman of the committee will not raise a point of order against it.

[Here the gavel fell.]

RESIGNATION FROM CONFERENCE COMMITTEE ON WAGE AND HOUR BILL

The Chair laid before the House the following letter of resignation:

JUNE 2, 1938.

HON. WILLIAM B. BANKHEAD,
Speaker, United States House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: I understand that it is the intent of the conferees on the wage and hour bill to begin meeting this afternoon.

I feel that it is to the best interests of the House that it be fully represented in these conferences, and as I am confined in the hospital and shall be unable to leave the same before sometime next week at the earliest, I respectfully request that you accept my resignation as a conferee.

Respectfully yours,

GLENN GRISWOLD.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

The SPEAKER. The Chair appoints to the conference committee the gentleman from West Virginia [Mr. RANDOLPH]. The Clerk will notify the Senate of the appointment of the Speaker.

AMENDMENT OF THE UNITED STATES HOUSING ACT OF 1937

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, under section 2 of this bill as amended it is provided that this Housing Authority may have the right to enter into contracts to make contributions to the local authorities which enter into these housing operations to the extent of \$40,000,000 in each year, and this authority extends under the provisions of the law for 60 years. The amount of bonds the Government must guarantee that the Housing Authority can issue is \$800,000,000. Under the amendment the committee has brought in here the Housing Authority can advance to the local authority 100 percent of the total cost of the operation. With the Housing Authority having authority to make contributions of \$40,000,000 per year, that \$40,000,000 per year is enough to pay 3½ percent on the whole \$1,000,000,000, and to retire the entire group of obligations in approximately 50 years, perhaps a little less. What does this mean? It means that the Housing Authority can pay to these local authorities a bonus of a tremendous sum of money for entering into these contracts, not only providing them out of the Federal Treasury with the funds to repay all the loans that the Federal Housing Authority shall make to them, together with the interest on them, but giving them a good, big, gorgeous bonus besides.

There is no sense in this kind of an operation. It is not fair and it is not honest to the taxpayers whom we represent. We all know that only a small portion of our people can be taken care of under such an operation as this. We all know it will result in riotous spending of

money with poor results, because it can be no other way with this kind of a set-up. It will simply destroy the entire private building industry in this country.

I cannot see my way clear to support either the rule or this bill. I believe it is one of the most demoralizing measures that has ever been brought in here. It is another step toward the absolute ruination of the credit of the United States. There is absolutely no disposition whatever on the part of this Congress today to meet its obligations and to try to give something of social security and opportunity to the workingman. Everything is being done to prevent the private employment of our people and the private investment of capital and to discourage local energy and activity. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. FISH.]

Mr. FISH. Mr. Speaker, I agree with the gentleman from New York [Mr. O'CONNOR] in his opposition to that provision in the bill which requires the Government to pay 100 percent of the loans for these housing projects. It seems to me if we do that, the Government will be holding the entire bag. It will just be another raid upon the Treasury, with the result that the local housing authority will have little or no interest in seeing that the Government is paid back any of the loans. You might just as well change the whole bill and make it a direct grant instead of a loan, because if the bill passes in its present form and the local housing authorities are not required to put up even a 10-percent contribution, I do not believe we will get a dollar back. Nobody will be working for us, and the net result will be that we will lose the entire billion dollars. If that is to be the situation, let us stop talking about loans and call it a direct grant and add another billion dollars to our existing national debt of \$47,500,000,000.

The gentleman from New York [Mr. O'CONNOR] spoke of these housing projects requiring \$800,000,000, and that is what this bill authorizes, but the Authority evidently has already spent \$200,000,000, because last August we authorized the appropriation of \$500,000,000, and in this bill we are authorizing another \$500,000,000. This is probably the reason the bill refers to only \$800,000,000. Of course, we in Congress get so accustomed to talking about millions and billions that we get the terms a little bit confused. Whether it is a million dollars or a billion dollars hardly makes any difference these days. As far as this particular bill is concerned, it will make no difference whatever when it comes to getting any of these loans paid back into the Treasury.

If this bill goes through in its present form, providing for 100-percent loans to the local housing authorities, you may as well write off the whole billion dollars and add it right on to the huge deficit for 1939. It is sheer political humbug and a fraud to talk of repayment of any of this money except by other appropriations out of the Treasury of the United States if the bill passes with the 100-percent loan provision in it.

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. FISH. No; let me finish, and I may yield later on.

I was opposed in the committee to this 100-percent loan provision. A majority of the members of the Committee on Banking and Currency were opposed to it in the committee. I left my proxy in writing against a 100-percent loan contribution by the Government, and so did another minority member of the committee. It is the time-honored practice of that committee, going back 20 years or more, to have proxies counted, but in this particular instance, in spite of my written proxy, it was not counted, and the bill was reported by a 9-to-8 vote.

I feel at liberty to state here exactly what happened, although it was an executive session, because everything that did happen in that committee meeting was published in the New York Times, even to the names, the vote, and everything else, including my own name and showing that my proxy had been objected to and was not voted. I am not saying it is a wise procedure to vote proxies. I am not raising the question

of the merits or demerits of that practice. I can see much for and against it. I am saying that in the Committee on Banking and Currency and in other committees of the House it has been a time-honored tradition and privilege to permit members of the committee to leave proxies and have them voted. In this case that privilege was refused, and the bill was reported out by a minority vote of the committee and is now before the House as a result of a minority vote.

I have voted for all these housing projects. I want to do away with slums and congested areas. I want to do away particularly with slums in the city of New York and provide for low-cost housing projects. I would prefer to follow the British example of erecting individual houses for \$3,500 or \$4,000 in order to provide home ownership for our American wage earners. Instead of doing this, we propose to build these huge apartment houses and the people who go into them pay \$4 for \$10 rooms and the Government pays the balance, with the net result a privileged few are living upon the Government under this arrangement and are tenants and not home owners.

I am not opposing this bill, except that provision in it which has to do with the 100-percent loans. The original bill—the \$500,000,000 measure—was passed by the Congress back in August, some 8 or 9 months ago. Very little has been done in the way of actual construction since that time. Now, the Federal Housing Authority rushes in here, when only a small part of the money we appropriated at that time has been spent, and asks for another \$500,000,000. I am only stating this as part of the record, not in opposition to the bill. I am only stating it to show that some people in high places in this country have only just found out that there is an emergency and increasing unemployment.

Last August there were some Members of Congress on the minority side who realized that there was an emergency in the country then, and we said so, and the President of the United States denied that there was an emergency, or that there was even a recession. He said then that unemployment was a myth, that it was a mere assumption, and it continued, from the President's viewpoint, to be an assumption for many months, right until the early part of this year.

Then, about the first of February, it became a recession and, gradually, the people began to understand it was not only a recession, it was a depression, and it was a Government-made depression, a Roosevelt depression. Now at last, the President of the United States himself recognizes the fact that we have increasing unemployment in the United States and seeks control of the relief funds as he says to expedite relief.

It was stated 6 weeks ago that we had 13,000,000 unemployed in our country. The President has said within 24 hours that for the last 6 weeks unemployment has been increasing very rapidly. If this is so there may be now 15,000,000 unemployed, but, at least, it is a good thing that the President has found out that the people are unemployed and that there is increasing unemployment.

There are two obstacles today to recovery and employment of our wage earners. One of them is the destruction of confidence or a lack of confidence and the other one is Franklin "Deficit" Roosevelt. Remove the latter and you will remove the former very quickly.

Nevertheless, the situation with which we are confronted is that we are told now an emergency exists, and in order to overcome that emergency we must authorize \$500,000,000 more for housing projects and the Government must contribute the entire 100 percent in loans.

This is the main issue. This is the issue that must be decided by the Congress regardless of partisanship. There is not an iota of partisanship in such an issue requiring the Government to make a 100-percent loan.

If you want the Government to be raided and robbed and to carry the whole load, then vote for this 100-percent-loan contribution, and we will not get 1 cent back, not 1 penny back, in repayment of the \$1,000,000,000. I defy anybody, in his own time, not in my limited time, to explain how we will ever get any money back. The only hope is that there

is some local contribution because if there is a local loan, then the local housing authority will have a mutual interest to protect it and will not simply rob the Government. They will have to look after their own loan and then they will have some interest in the expenditure and repayment of this money. They would have none otherwise. That is the real issue that is raised by the committee in this bill under the 100-percent-loan provision.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. FISH. I cannot yield in the limited time I have.

If I get the opportunity, as a member of the committee, I propose to offer several amendments.

Our Chief Executive, and my constituent, has recently seen the light and has stated there should not be any more tax-exempt securities issued. Some of us have been sounding off and urging that for many years. I propose to offer an amendment to this \$800,000,000 authorization that the money shall not be raised by issuing tax-exempt securities. The way to stop issuing tax-exempt securities is to stop. We have already created a dangerous situation by borrowing \$20,000,000,000 and piling debt upon debt and deficit upon deficit by selling tax-exempt bonds. It is a vicious circle and harmful to legitimate business borrowing and the expansion of industry and the employment of labor.

Also, if there is a proper place for it, I propose to offer an amendment to provide for the prevailing wage scale in the locality where the housing project is located so that the construction will be done under the prevailing wage scale. If that is in order the House can decide whether they want to amend the bill accordingly.

These local housing projects, although we put up the money, will not be owned by the Government. They will be owned by the local housing authority. They are not like post offices which are owned entirely by the Government and are automatically tax exempt. The Government will practically own nothing at all, and the money will be turned over to the local housing authority, and we will have no way of getting that money back except through them. It is even doubtful in some of the States whether these housing projects will be tax exempt, because they are not Government-owned.

In addition, and in conclusion, I am hopeful that some way will be found in solving this serious problem of housing, that we can do something for the home owner and not merely build huge apartments and beehives in city districts but that we will build homes for the American people in the vicinity of large cities as that is the best way to combat radicalism, socialism, and communism in America. [Applause.]

Mr. DIES. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. GOLDSBOROUGH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10663), to amend the United States Housing Act of 1937.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10663, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. GOLDSBOROUGH. Mr. Chairman, the membership of the committee is divided on the committee amendment almost equally. An effort will be made on this side to divide the time equally between those who are proponents of the amendment and those who oppose it. I yield 15 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, something has been said about the approval of this bill by the committee. We were in executive session when the vote was taken. I have always felt obligated to keep the confidences that come to me by reason of an executive session. It has been said that the majority of the committee did not vote for the bill. I have always understood that the quorum is the committee when sitting and a majority of that quorum did vote to report this bill.

As far as proxies are concerned, they have never been recognized by the House. I have never heard of them being recognized by any committee and I have been on the Committee on Banking and Currency for 6 years and I have never seen a proxy attempted to be used up to this time.

As far as the philosophy of this bill is concerned, we passed on that last year when the bill was passed. The philosophy of the bill is declared and the public policy is stated in section 1. That section provides:

SECTION 1. It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this act, to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income, in rural or urban communities, that are injurious to the health, safety, and morals of the citizens of the Nation.

It was adopted as the national policy, and I believe it is a sound national policy. An epidemic which starts in the slums of a city, by reason of the improved roads and the improvements in transportation, may travel an immense distance and may jeopardize the very life and well-being of people in far, remote sections. Criminal tendencies, which may originate in the slums of the city, may in the same way jeopardize the lives and property of people in far-distant sections of the country, and by reason of good roads and improved means of transportation crimes may be committed outside the cities and the criminals return to the slums as a haven of safety. It is a national problem. I believe the President is deeply interested in the successful operation of this great undertaking of slum clearance and sanitary housing. The President, in his message on relief on April 14, 1938, used the following language:

We suffer from a failure of consumer demand. The hoped-for reemployment of this spring is not proceeding fast enough to create an economic upturn. Therefore, the problem calls for action, both by the Government and by the people.

I propose to the Congress three groups of measures.

This is the third proposal:

This third proposal relates solely to definite additions to the purchasing power of the Nation by providing new work.

I ask for certain amendments to the United States Housing Authority Act to permit the undertaking of immediate construction of about \$300,000,000 of additional projects. The Federal Housing Administration is prepared to increase the already mounting volume of home and apartment construction.

The existing law made available \$100,000,000 on the passage of the bill, \$200,000,000 additional on July 1, 1938, and \$200,000,000 on July 1, 1939. The pending bill makes immediately available \$800,000,000. It increases the amount heretofore appropriated by \$300,000,000. Upon the passage of the original bill \$5,000,000 was made available for contracts for contributions; \$7,500,000 was made available for contributions on July 1, 1938; and \$7,500,000 was made available for contributions on July 1, 1939. The pending bill makes \$40,000,000 available annually for contracts for annual contributions to the local housing agencies.

The bill also would do away with the 10-percent payment required of local subdivisions. The language of the statute in regard to the 10-percent clause is very indefinite. It is as follows:

In the case of annual contributions in assistance of low rentals as provided in section 10, the total of such loans outstanding in any one project and in which the Authority participates shall not exceed 90 percent of the development or acquisition cost of such project. Such loans shall bear interest at such rate as is the going Federal rate at the time the loan is made plus one-half

of 1 percent and shall be secured in such manner and shall be repaid within such period, not exceeding 60 years, as may be deemed advisable by the authority.

Mr. BEITER. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. BEITER. Listening to the statement made by the gentleman from New York, I was left with the impression that the total amount, last year's appropriation and this year's appropriation, was \$1,000,000,000. Is that correct?

Mr. SPENCE. No. The total amount, as I understand it, is \$800,000,000.

Mr. BEITER. I received an inquiry from one of the members of the Building Trades Council of the city of Buffalo in the course of which he asked that support be given to an amendment to increase the amount from \$500,000,000 to \$1,000,000,000, and I was wondering whether the gentleman from New York had reference to that.

Mr. SPENCE. I think the original proposition was to make an increase of \$500,000,000, but the committee increased it \$300,000,000, instead of making a total of \$800,000,000.

Mr. BEITER. I have a further inquiry with reference to the 10-percent contribution. It is my understanding that the 10-percent contribution will be applicable up to 100 percent of the acquisition cost but not in excess. What does that phraseology mean? It is not clear in my mind.

Mr. SPENCE. The 100 percent of the project cost?

Mr. BEITER. One hundred percent of the acquisition cost, but not in excess.

Mr. SPENCE. That, as I understand it, means the cost of the project completed.

Mr. BEITER. Including the cost of the land?

Mr. SPENCE. Including the cost of the land and the cost of the buildings and improvements.

The President has said he wants this character of legislation. He said that in his message to the Congress which I have just quoted. I think we may assume that Mr. Straus, the Administrator, speaks for the President. He was the personal choice of the President to administer this great undertaking. I am today in receipt of a letter from Mr. Straus. The same letter, I understand, was sent to each member of the Committee on Banking and Currency. I judge that he has conferred with the President as to his wishes in this matter, and this is what he writes in regard to the United States Housing Authority being authorized to lend 100 percent to the local housing agencies:

DEPARTMENT OF THE INTERIOR,
UNITED STATES HOUSING AUTHORITY,
Washington, June 2, 1938.

Under the act as now written, the U. S. H. A. loan is limited to 90 percent of the development cost of a local housing project. The other 10 percent, in practically all cases, is raised by the locality as a local loan from private sources. The 90-percent loan advanced by the U. S. H. A. and the 10-percent loan advanced by some local investor are both secured on a coordinate basis by the rental revenues of the project. In addition, both are secured by the annual contributions paid by the U. S. H. A., but under the act these annual contributions must be applied first toward the payment of interest and principal on the U. S. H. A. loan when due. Under our present arrangements, which provide that the bonds evidencing the 10-percent local loan have the earlier maturities and that the bonds evidencing the 90-percent Federal loans have the later maturities, the U. S. H. A. annual contributions are in effect applied during the first 15 years toward the payment of interest on the 90-percent U. S. H. A. loan and the payment of interest and principal on the 10-percent local loan; and then during the next 45 years toward the payment of interest and principal on the 90-percent U. S. H. A. loan.

This system of split loans, 90 percent being advanced by the U. S. H. A. and 10 percent being advanced by local investors, has many disadvantages:

First. It is common knowledge that split loans are always less economical and more cumbersome. Months of time and much money are spent in working out the complicated details of a three-party agreement, with two lenders whose interests are not necessarily consistent and at times incompatible.

Second. The 10-percent loan made by the local investor generally bears a higher rate of interest than the 90-percent loan made by the U. S. H. A., therefore imposing a greater charge upon the project than if the entire project loan were made by the U. S. H. A. This means higher rents or more costly subsidies.

Third. The power which the present act gives to local bankers or other investors to have the final determining voice as to

whether or not a project shall be commenced enables them to exact conditions which are burdensome to the project and which may be prejudicial to the best interests of the U. S. H. A. as the 90-percent investor.

Fourth. The requirement of 10-percent local investment rules some localities out of the program entirely, either because they cannot raise the money on any terms or because the terms demanded by local investors are such that the U. S. H. A. cannot assent to them.

The amendment allowing the U. S. H. A. to lend 100 percent rather than 90 percent of the development cost of local housing projects would therefore promote economy, speed, and the wider distribution of the housing program, and would improve rather than impair the financial condition of the Federal Government. The adoption of this amendment would not cost the Government any more, because the maximum aggregate amounts of loans and annual contributions which the U. S. H. A. may make are in any event fixed by the act. Its adoption would not reduce but rather would augment the ultimate amount of private capital flowing into housing, because private investors may buy either the U. S. H. A. obligations which are sold to raise the money for the U. S. H. A. loans or the local housing authority obligations which may be resold from time to time by the U. S. H. A. Its adoption would bring the U. S. H. A. housing program more strictly into line as to methods with the program which has proved so successful in England, and which if allowed to proceed here without burdensome and unnecessary restrictions can do so much in this country toward the permanent elimination of slum conditions and the immediate recovery of business.

I also want to read you what the attorney for the United States Housing Administration, Mr. Keyserling, says with reference to this:

At the present time this 10 percent is not furnished as a donation by the local authority. It is raised through the sale of local housing authority bonds to private investors, the same investors who might be buying the U. S. H. A. obligations issued to raise the money with which to make the 90-percent Federal loans. Therefore, this 10-percent requirement does not mean an additional investment of private capital, or an additional donation by the local authority. The requirement of the local 10 percent has simply meant that the U. S. H. A. is held up on the commencement of each project for from 1 to 3 months, while negotiations are entered into with private bankers who believe they have control over U. S. H. A.'s program and can exact their own terms. In some cases the concessions which they have asked have made it impossible for U. S. H. A. to go ahead at all. In cases where it has been possible to proceed, it has taken a great deal of time to reduce these exactions to the point where they could be acceptable to the U. S. H. A.

These amendments would not entail any additional cost to the Government.

Since the amount of money available to the U. S. H. A. for loans is definitely fixed, the cost to the Government is no less if all the project's cost is loaned than if 90 percent of the project cost is loaned. Furthermore, since the interest rate on bonds sold to the Federal Government will, in most cases, be less than the interest rate which would have to be borne on bonds sold to purchasers other than the United States Housing Authority, the power to lend all of the project's development cost will ultimately be reflected in reduced debt service charges which must be met from the rents and the subsidies.

You will observe from these statements that some of the cities will be able to receive the benefits of this law, and others, by reason of being unable to contribute the 10 percent, will be prevented from doing so.

Its benefits should flow equally to all cities similarly situated, whether large or small, and to rural communities where the housing is insanitary and unsafe, and unless its application is universal it will give undue benefits to some and work unjust hardships to others.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. AMLIE].

Mr. AMLIE. Mr. Chairman, I desire to discuss the general question of housing legislation. We have been dealing with the subject of housing now in numerous bills that have been brought up during the past 6 years.

It seems to me that there are two things which are fundamental that must be done if we are to have an adequate housing program as far as the private construction of houses is concerned. The bill today concerns itself only with the aspect of public housing for that part of the population that has passed the possibility of further exploitation, for the simple reason that they cannot pay the economic rent of any house that they might occupy.

The two things that must be done, as I see it, are first, to give the private house builder the advantage of the low interest rates that are possible today, and, next, for the Government to do those things that must be done if the ownership of a house is to be a matter of investment rather than a matter of speculation.

I introduced a bill, H. R. 8310, about a year ago patterned after what has been done in the Scandinavian countries for the past 30 years, but it is impossible to get a measure of that kind considered in this House. When the housing bill was discussed here last year the interchange of arguments back and forth between the aisles of this House indicated that the sole question to consider was whether the measure was satisfactory to a Mr. Morton Bodfish, executive vice-president of the United States Building & Loan League, and the American Savings & Loan Institute. If Mr. Bodfish is to write our legislation the rest of us might as well go home. There is no reason for paying 435 Members of Congress \$10,000 a year if they are merely going to consult Mr. Bodfish and enact into law what he considers desirable; and that is all we have enacted into law up to the present time.

Mr. Chairman, there is no reason why we in this country should not provide credit to individuals who wish to build, at an interest rate of not more than one-half percent above the rate which the Government is paying. On approximately \$38,000,000,000 which the Federal Government has borrowed the average interest rate 6 months ago was 2.34 percent. It seems to me we could readily provide credit to home builders at the same rate required in the Scandinavian countries, which, on an average, is $3\frac{1}{4}$ percent. If people found it possible to borrow money on that basis, a great many middle-class people who could afford to build would be very happy to do so, but if they have to pay twice as much as the going rate of interest paid by the Federal Government, of course, they are going to hesitate, and they are hesitating to spend any of their money for housing.

Another factor is that of speculation. In this country we proceed on the theory that the subdivider must be protected in his constitutional right to speculate with the homes of other people. He must have the opportunity to buy a piece of land, subdivide it and sell it for three or four times what he paid for the land. Then the home builder buys a lot and risks everything on whether the subdivision will be a success or not. Every community ought to control its own future development. That has been the reason for the success of housing in the Scandinavian countries.

Let us take Stockholm, Sweden, as an example. That city over a period of 30 years has been acquiring land on the outskirts of the city. At the present time Stockholm owns five times as much land around it as there is in the central portion of the city. When a subdivision is to be put through the city authorities make the decision. If it calls for a thousand houses at \$3,000 a piece, the city authorities make a selection of the best available land in that price classification and lay out a subdivision. A prospective home owner who wishes to build a house can go into the subdivision and rest assured it will be completed. He knows that the city will not start another subdivision in the same class until this subdivision has been developed. He knows also that after he has built he will have utility service, he will have sewers, water, and electricity; transportation will be provided, and schools will be built for his children. The element of risk under these conditions is reduced to a minimum. But in this country, if a man wishes to build, he first has to deal with the agent of some subdivider. He is persuaded to buy a piece of land, and probably pay three or four times what the subdivider paid for it. Then the odds are against him. The chances are that the subdivision will never really be developed, and in a few years he will find that he cannot sell the house he spent \$10,000 on for more than \$5,000. That is the history of home building in the United States. The only way we can get around that is have the Federal Government lend money at actual cost to the various communities, to be lent by the community in turn to prospective home builders, whether they

wish to be part of a cooperative unit or wish to build as individuals. That is the only way we can get away from the risks that are being forced today upon the prospective home builder. Until we do that we cannot regard the building of a home as an investment.

The building of a home in the United States under present conditions is not an investment but a speculation in which the builder is sure to lose. Until we are willing to recognize that and make it possible for the home builder to regard his building as an investment, we are not going to have a revival in the field of private construction of residences. I do not know at the present time exactly what the figures are, but building in the field of private residences is virtually at a standstill. As long as our legislation is being dictated to us by Mr. Bodfish and the building and loan associations of the country, we will continue to enact the meaningless drivel we have been writing on the statute books for the last few years. There is, in my opinion, no good reason why we should not provide the prospective home builder with credit at say one-half of 1 percent more than the Government has to pay for the same credit.

When the housing bill was under consideration during the present session I remember some of the Members who spoke here apparently proceeded on the theory that a rate of 5 or 6 percent on money was ordained by God Almighty, that it is in the eternal scheme of things, and anyone who would do anything to undermine the institution of interest at the rate of 5 or 6 percent was trying to destroy the system. That does not follow.

Money has a price, just as everything else has a price. When money is scarce the price is high. When capital is plentiful, when we have \$16,000,000,000 in the banks looking for investment, and there is no opportunity to reinvest, under a system of laissez faire, the price of interest should theoretically go down to zero.

Certainly the time has come in this country when we must recognize that there is no longer any economic justification for an interest rate in excess of 3 percent or 3½ percent, or something of that kind, to the ultimate user. Until we are ready to recognize these two things, the right of the home builder to secure credit at roughly what it is worth and to be protected from speculation and given the opportunity to make of his building an investment, everything we are doing here is simply waste motion. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, the philosophy of providing homes for people who have been unfortunate is a very far-reaching one to consider. Checking over some of the States, I find reports to the effect that over 50 percent of the total population in some States are on relief. I believe in this morning's Post one State is referred to. It is a western State which has two or three basic industries tied up in two or three companies. One of them is the Anaconda Copper Co. If this company would take 10,000 workers back on the pay roll and thus furnish shelter and food to 34,000 people, or 3.4 per worker, it would relieve 34,000 out of a total of 250,000 on relief. This happens to be a State into which we have poured millions of dollars and into which we will undoubtedly, under our present program, pour other millions of dollars.

This program starts out with the idea that it provide many homes for many people, a beautiful concept and a beautiful idea, but somewhere there must be a realist.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I should like to make the point of order that a quorum is not present, if the gentleman yields for that purpose. I believe the gentleman's remarks should be heard by more Members of the House.

The CHAIRMAN. Does the gentleman yield for that purpose?

Mr. CRAWFORD. I yield to the gentleman, Mr. Chairman.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 95]

Atkinson	Faddis	McMillan	Sabath
Barden	Flannagan	McReynolds	Sadowski
Boren	Fulmer	Magnuson	Schneider, Wis.
Buckley, N. Y.	Gasque	Mahon, S. C.	Schulte
Bulwinkle	Gehrmann	Mahon, Tex.	Shafer, Mich.
Byrne	Gifford	Mansfield	Sheppard
Caldwell	Gingery	Martin, Colo.	Simpson
Cannon, Wis.	Gray, Pa.	Mason	Smith, Maine
Carlson	Green	Mitchell, Ill.	Smith, Okla.
Cartwright	Greenwood	Mitchell, Tenn.	Smith, Va.
Champion	Griswold	Mosier, Ohio	Smith, Wash.
Chapman	Guyer	Mouton	Somers, N. Y.
Citron	Hancock, N. C.	Murdock, Utah	Stack
Clark, Idaho	Harrington	Norton	Steagall
Clark, N. C.	Hartley	O'Connell, Mont.	Summers, Tex.
Cluett	Hendricks	O'Connell, R. I.	Sutphin
Cochran	Hennings	O'Connor, Mont.	Sweeney
Cole, Md.	Hildebrandt	O'Day	Tarver
Colmer	Hook	Palmisano	Taylor, Tenn.
Crosby	Hope	Patman	Thurston
Crosser	Jenks, N. H.	Peterson, Fla.	Tobey
Crowther	Keller	Pettengill	Vinson, Ga.
Culkin	Kelly, Ill.	Pfeifer	Wadsworth
Cummings	Kelly, N. Y.	Pierce	Wearin
Curley	Kerr	Polk	Weaver
DeRouen	Kniffin	Quinn	Welch
Dirksen	Kopplemann	Ramspeck	Wene
Ditter	Kvale	Randolph	Whelchel
Dockweiler	Larrabee	Rich	White, Idaho
Doughton	Lewis, Md.	Richards	Whittington
Douglas	Lord	Robinson, Utah	Zimmerman
Drew, Pa.	Lucas	Rockefeller	
Drewry, Va.	Luecke, Mich.	Rogers, Okla.	
Driver	McClellan	Ryan	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 10663, and finding itself without a quorum, he had directed the roll to be called, when 294 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, in the beginning I might say that I am opposed to this bill as written, and it will be my purpose sometime, when we read the bill under the 5-minute rule, to offer an amendment to it which will carry out, if enacted, what we thought we passed here at the last session of this Congress. We passed legislation providing for slum clearance, and low-rent housing, which provided for a local housing authority, and the appointment of an Administrator. The Administrator is Nathan Strauss. During the discussion of that legislation, with all the power that I had, I advocated its adoption with the firm belief that the city, the State, the district, the county, the local municipality or public unit would contribute to the initial cost of the project 10 percent. If there is a single individual in this committee that did not have that understanding, then I want him in his own time somewhere along the line to rise and say so. That was clearly the intention of the law, but perhaps it is not as clearly expressed as it should be. I come here this afternoon with humiliation, chagrin, and with disappointment, to find that the clear intention of Congress has been openly, flagrantly, and almost impudently disregarded and violated in the administration of the law.

Under the administration of the present law no local contribution is required on the cost of the project. The local housing authority borrows the full amount of the cost. No aid from the State, county, or city. Ninety percent of the cost is borrowed from the United States Housing Authority and the other 10 percent from private sources. The revenues of the project are pledged for the payment of bonds issued to raise the money with which to develop the project. The funds for this purpose are derived from

two sources. The rents received from tenants and the annual contributions from the United States. The indenture securing the bonds may be one instrument covering all the bonds or there may be a separate indenture for the bonds sold to private interests but all bonds, principal and interest, are paid from a common fund, the principal part of which is provided by the Federal contributions. The bonds of the local housing authority are all serviced and finally paid out of funds furnished by the United States without any help or assistance from the local government unit. Now it is proposed that the United States Housing Authority purchase all the bonds and remove all local interest in the project. If this is what Congress wants, of course it can act accordingly. This is almost the policy England entered upon in 1919 and had to abandon it almost immediately in order to save the credit of the nation.

No one has been a more loyal and consistent supporter of measures to bring not only economic relief to the distressed and suffering millions, but also to secure a higher degree of social justice to the unfortunates and underprivileged of our land, than I have. I voted for all the social-security legislation, including old-age benefits and assistance, unemployment insurance, public-health service, and aid to dependent and crippled children. I supported the farm-security program to rehabilitate and aid those in rural communities. I have given my aid to rural electrification in order that those far removed from the centers of population may enjoy some of the comforts and conveniences of modern times, and to lessen the toil, monotony, and drudgery of life. I have advocated Federal grants in aid of highway construction, not only that we may have adequate post roads but in the interest of interstate commerce and as necessary for national defense. I have plead for appropriations from the Government to assist the States in a plan of vocational education which would give the children not alone of the rural sections a chance to study agriculture, but boys of the cities an opportunity to study and learn some trade, and the girls to study home economics to better fit and qualify them for lives of greater usefulness in the years ahead.

What I say about this legislation is said as a friend to it, as one who has advocated it and still believes in it, and as one who has some concern for the future of this policy upon which we are entering, and also with some regard for the ultimate cost to the Government. It may be admitted in the beginning that slum clearance has a national aspect. The crowded areas in the congested centers of population in this country, with all of their implications of immorality, disease, and crime, have an appeal for Federal aid, and, so far as I am concerned, I am willing to go along with the proposition for the Government to help the cities of this country rid themselves of one of their greatest social and economic burdens.

Tear down the shacks and the hovels in our big cities and remove the firetraps, and when that is done the fire risk will be reduced, the insurance rates decreased, and the expense of maintaining fire-fighting equipment lowered. When those unsightly and filthy shacks and buildings are torn down the value of all of the surrounding property in that neighborhood is necessarily increased, and when the men, women, and children are removed from the places of disease and crime, from those dark, dingy, and musty corners of the hovels, and are placed out in the pure air and the clear sunshine under modern and healthful conditions of living, better citizens will necessarily be made of them. They learn the rules of hygiene, they establish higher standards of moral conduct, they are more orderly and law observing. When that is done the cost in the criminal courts is decreased, the expense of police protection is lowered, and the burden on public-health service is lifted. Also, there will be fewer in the insane asylums, in the jails, in the hospitals, and in the eleemosynary institutions of the city, and in clearing the slums the city is not only relieved of that vicious moral and social evil, but a great economic financial weight is lifted from the backs of the taxpayers of that city.

It is of great benefit to the big cities of the country to have the slums removed from them, not only from a social stand-

point but from the standpoint of dollars and cents. That being true, why should not the cities, the ones upon whom is the primary responsibility, contribute the major portion of the funds necessary to rid themselves of their greatest local problems? The answer of the Administrator, rather flipantly, when that question was put to him in the committee, was to tell some kind of a rather strange, and I might say silly, story about a chipmunk climbing a tree.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. Yes; I yield to the gentleman from Georgia.

Mr. COX. It was generally reported that when Mr. Strauss appeared before the gentleman's committee in support of the pending proposal he offered in support of the suggestion that he was then making what he represented to be the English law treating with this subject, when he knew, or should have known, that that law had been repealed several years ago. Is that correct?

Mr. WILLIAMS. That is my understanding of what he said, and I shall be glad to discuss that before I finish here if I have the time.

The answer that is given here by those who attempt to speak for the big cities of the country is that those cities are not able to raise the funds to help clear their slums. They say, "We are already burdened with debt." Yet it is a matter of common knowledge, and everybody knows, that there is centered in the great cities of this Nation all the commercial, industrial, and financial activities of the entire country. There is the very seat of the wealth and income of the Nation. On the one hand, we hear complaint made on the part of some of the great industrial cities that they are paying too much taxes.

If they have the wealth and the income there ought to be no complaint about paying the taxes. On the other hand, we hear the argument that these same people and these same places are not able to raise the money to rid themselves of their own great social and economic burdens. This is an inconsistent argument. We all know that the bonds of the big cities in this country are selling at almost par with the bonds of the Federal Government. This does not indicate that their credit is impaired. Bonds are being issued to build hospitals, bonds are being issued to build jails and eleemosynary institutions and schools, bonds are being issued to buy parks and beautify them as places of recreation. If they can do that, I ask in all fairness can they not raise sufficient money at least to donate and give to this great cause 10 percent in order to rid themselves of this great evil?

Mr. FLETCHER. Mr. Chairman, will the gentleman yield for a question for information?

Mr. WILLIAMS. I yield to the gentleman from Ohio.

Mr. FLETCHER. There is a general impression that by insisting upon the 10-percent contribution it involves a great deal of red tape, a great deal of delay. Will the gentleman please explain whether this is true or not?

Mr. WILLIAMS. I do not think there is anything to that. The Administrator himself said they were getting along all right as far as that is concerned.

Another argument made by the cities is that they have reached their debt limit. Let us see about that. They say they cannot issue any more bonds, that they are already burdened with debt and have reached the limit. We all know that the limit is fixed by constitutional or statutory provision based upon the assessed valuation of the property. The assessed valuation in the great cities of this country in most cases is very low, in some places as low as 25 percent. In very few cities, if any—I doubt if any—have they in any way approximated the 100 percent of actual valuation. If they want to increase their debt-creating capacity all they have to do is to raise their assessed valuation, and then they will be able to meet this situation.

The claim that is made by the big cities of this country that they are not able even to make this 10-percent contribution will not hold water. As long as they can make Santa

Claus out of the United States, of course, and ask the Government to contribute the 100 percent they will graciously and gladly accept the donation.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Georgia.

Mr. COX. If this bill becomes a law, slum clearance resolves itself into a resettlement proposition, does it not?

Mr. WILLIAMS. Largely so.

Mr. DALY. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Pennsylvania.

Mr. DALY. Does the gentleman know that in Philadelphia, my home city, you can buy 75 percent of the real estate today for less than the assessed value?

Mr. WILLIAMS. No; I do not.

Mr. DALY. In that instance would the gentleman want to increase the assessed valuation?

Mr. WILLIAMS. Yes; I would.

Mr. DALY. You cannot get 75 percent of the assessed valuation of the property on the market today.

Mr. WILLIAMS. I would question that statement for the very reason that according to the record the assessed valuation in the city of Philadelphia in 1937 was lower than it was in 1932. They collected less tax in the city of Philadelphia in 1937, when this country was at a high peak of prosperity, than they collected in 1932, simply because the assessed valuation had been lowered. That is what they have done; they have lowered their assessed valuation. In 1937 the assessed valuation of the property in the city of Philadelphia was \$816,279,000 less than it was in 1932.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 additional minutes to the gentleman from Missouri.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I cannot yield. I would like to make my statement. I shall be glad to yield if I have time, because I think I can answer any question that can be asked about this legislation.

The cities claim they are making a great annual contribution in the remission of taxes, or tax-exemption on the property that is owned by the local housing authority. The Administrator put in the Record, and I want you to remember this, a statement that the local communities were making an annual contribution of 61.9 percent as much as the annual contribution made by the Federal Government. Let us look at this a minute. This was based upon the assumption that after all the money that is donated by the Government was spent in building modern homes upon property that theretofore was worthless, that it would be assessed at 100 cents on the dollar and taxes collected on it.

The record is that the cost of the land in the slum areas, or the value of the vacant lots on which these houses will be built with Government money is only 16.8 percent of the value of the finished project; in other words in a million-dollar project, on which the Government spends \$1,000,000 in purchasing land and building these modern homes only 16.8 percent represents the present value of the land.

The \$168,000 is the value of the land which the Government buys in that locality. That land, it is safe to say, is not assessed for taxation purposes at 50 cents on the dollar or, let us say, \$80,000 assessed valuation. The average tax rate in the cities where projects have been approved is \$21.66 a thousand. If they received taxes as the property now is, it would not exceed \$1,700, yet the Government is building these houses and the Government is subsidizing the project to the extent of \$35,000 annually, with an ultimate total cost of \$2,100,000 to the Federal Treasury. Instead of the city suffering on account of the remission of taxes and on account of tax exemptions, as they claim they are, to the extent of 61.9 percent, or 20 percent, as the law requires, they are making an actual contribution of less than 5 percent.

Mr. FARLEY. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Indiana.

Mr. FARLEY. Is the gentleman presuming to tell us this afternoon that all this money is going into the larger cities

and that the smaller towns of, say, 25,000 will not receive any of it?

Mr. WILLIAMS. It does not make any difference. They are slums no matter where they are located, whether in a large or a small city. The city is benefited, and it makes no difference to me whether it is large or small. Of course, the fact is this money will go into the larger cities. I never expect a dollar of it to come into my congressional district to clear out a single slum or provide a single house for the low-income group among my people. It makes no difference. Wherever it goes, the principle is the same.

Then it is insisted that the cities could not afford to exempt from taxation these public-housing properties. It is claimed it would unbalance their budget and place a heavy burden upon the rest of the taxpayers, notwithstanding they are losing practically nothing if property that was heretofore worthless, was exempted entirely. There are billions of other tax-exempt property in their midst for the benefit of public agencies which are performing functions similar to public housing projects. It must be remembered that any kind of a subsidy, either local or national, can be justified only on the ground that the housing authorities are public agencies and are performing a public service and are not operated for profit.

The Bureau of the Census has a report for 1936 on tax-exempt property in 52 cities of the 94 cities having a population of over 100,000. The assessed value of real property in those cities in round numbers was \$39,000,000,000. The value of all real estate in those cities was \$50,000,000,000, \$11,000,000,000 of which, or 22 percent of all of it, was exempt from taxation. This embraces only a little over half of the big cities of the Nation. Most of the tax-exempt property is owned by the cities and is used for the purpose of promoting the peace, safety, health, morals, and general welfare of the community, just as the public-housing program proposes. It seems to be all right to exempt all this property because it is used in the public service, but it will not do to exempt buildings erected by the Government on property which has heretofore been practically worthless in an attempt to rid the city of one of its greatest curses.

In addition to that, under the constitution of many States, the housing projects, being public property, could not be taxed by the cities. This was held by the Superior Court of the State of Kentucky. It is a great sacrifice for these cities to exempt from taxation property which they cannot legally tax.

An appeal is made to throw open the doors as an emergency measure and help the unemployment situation. This is not emergency legislation. We are entering upon a program which by its very terms extends over a period of 60 years. This is just the beginning of the most far reaching and expensive activity of the Government that has yet been undertaken. If carried to its ultimate conclusion it will involve the expenditure of many, many billions of dollars. This particular bill calls for loans to the amount of \$800,000,000. If projects in that amount are subsidized at 3½ percent annually over a period of 60 years, it will ultimately cost the Government \$1,680,000,000. This will take care of about 160,000 families, which is a cost of \$10,500 per family. You can readily see where we are going if we have 5,000,000 families in this class, and that is far below the one-third of our population which it is said are ill housed. This is not a work program but the beginning of a movement to furnish sanitary and decent homes to many millions of our citizens. We have a work-relief program and are appropriating some four or five billion dollars for that purpose. That should be enough for 1 year. Besides, this undertaking, if local help is forthcoming, will result in giving employment to many people.

The Federal Government has gone far afield in making grants and subsidies to help States and political subdivisions thereof, but it has never yet gone to the extent of subsidizing them 100 percent. It has never borne all the burden without some local help. Benefit payment to the farmers is often

referred to as justification for full contribution by the Federal Government for slum clearance. There is no analogy there. The justification for benefit payments under the soil-conservation program is to protect and conserve the soil, the essential and necessary natural resources, for the very existence of future generations. Again the farmer foregoes and surrenders his right to plant all his acreage for the benefit of himself and family and for that he is in part compensated by the Government. Then again, the fundamental philosophy back of the farm program is an effort to make the principle of a protective tariff effective as to farm products and place agriculture on a parity with industry. A discussion of that proposition would take us far afield from the housing problem.

Grants in aid of highway construction have been given as an instance of a Federal subsidy. That is true, but the State or locality must furnish the right-of-way and match the Government grant dollar for dollar. The State does not ask or receive a 100-percent grant. If the State can raise funds to meet the Government contribution on a 50-50 basis, why not the State or city raise at least 10 percent to help solve the housing problem?

Vocational education is also cited as an example of a Federal subsidy. That is true; but again the State must match the money advanced by the Government. If the State can do that in order to give boys and girls a chance to prepare themselves for greater usefulness, why cannot the State or city donate at least 10 percent toward the eradication of disease and crime in its midst?

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. WILLIAMS. Mr. Chairman, air and water mail subsidies are mentioned. This is a grant not of 100 percent to a public agency but a small subsidy to private industry in order that everyone may have mail service at a rate which can be paid by the poor and humble as well as the rich. Otherwise, those who could afford it would have the benefit of air mail while those of more modest means would be denied this right. In addition to that, by a grant to the aircraft and sea vessels that carry mail, we are developing two strong arms of our national defense.

The House just passed a law involving the policy of the National Government with reference to flood control. The expenditure of Federal money for flood-control purposes has long been recognized as legitimate and proper, but local contributions have always been and still are required. In the case of levees, the Government builds the structure while the State pays all damages and maintains the project after it is constructed. In the case of flood-control reservoirs, the Government builds the dam while the local authority pays 30 percent of the damage done. In many of these cases the locality where the dam is built suffers all the damage and receives no benefits, while those farther down the stream receive all the protection and benefits and suffer no damage. Still the local authority must pay at least 30 percent of the damage. If the State must pay 30 percent of the damage caused by the construction of a flood-control dam, whether it receives any benefits or not, certainly a city could pay 10 percent on a slum-clearance project in order to solve a great social problem.

Slum clearance is certainly in the interest of public health. Aid is rendered by the Government to States and cities to maintain a public health service. Eight million dollars has been allocated for that purpose but it is given only to those States that appropriate a like amount for that service. If the States and localities are required to raise money for this purpose, why not put up something to eradicate the slums which are the greatest source of disease?

Under our social-security program we have given grants in aid to States to help the aged and infirm, the dependents and the unfortunates, but we require the States to contribute to this great work. The Government does not propose to do it all, or even the major part of it. This is a great social service and if these States must bear their part in this

splendid movement, why should not the States and cities take the lead in blotting out the greatest social evil of all?

State-Federal soldiers' homes have been established. This is a home where those who have seen service in the defense of their country may go and live in peace and comfort during their declining years. The States must build and maintain these homes and the Government contributes \$10 per month for the support of each inmate. There is one of these homes in my congressional district. The daily per capita cost of each inmate is \$1.56 and the Government contributes only 21 percent of it. If the State must provide 80 percent of the cost to maintain a home for ex-service men, is it unreasonable to ask the State or city to provide 10 percent of the cost of a housing project to give its inhabitants a decent and a sanitary home?

Somebody has asked about the English system. When the Administrator appeared before our committee he pointed to the English system and tried to tell us that we were modeling our plan on the English plan. I am not so much concerned with what England is doing as I am with what the United States ought to do. What may apply there may not apply here. They have a different system of government. They have no dual system. They have no intervening state between the national and the local authority, as we have in this country. If we are going to take England as a model, let us profit by their experience and by the example they have set. In 1919 England entered upon a building program that is strangely parallel to the proposition contained in this proposed legislation. Before 2 years passed in that country they recognized their mistake, and they had the manhood and the bravery to stand up and change their system. While they committed themselves to a housing program which required the national government to finance it over a period of 60 years, they soon realized that it was necessary to change that plan in order to save the English Exchequer, and they did change the plan. Under their plan, which I say is strangely parallel with the plan proposed here, it cost in England \$11,250, to build and finance a home over a period of 60 years, just as this plan is costing the Government of the United States \$10,500 per home over the same period of time. Since that time England has changed her laws. They saw the mistake they had made, and today they are requiring a local contribution of from 50 to 65 percent in order to carry out the housing program. They are financing their present plan over a period of about 35 years at a cost of a little over \$1,100 a building. That is the difference. That is what England has done and is doing now. If we want to follow England's example, then let us profit by the experience they have gone through and be careful what we do here.

When the Administrator was before our committee he presented a chart, and some of you will perhaps refer to that chart in an attempt to answer what I am saying. I want you to remember that the chart which he presents includes the English housing program of 1919, which has saddled upon the English people a burden of \$11,250 a house. He puts that in because that is what they are having to pay now. That is the mistake they made. While the annual contribution by the English Government, according to a chart that was presented here, will appear to be large and to be expensive to the National Government—and it is—it is because of the mistake they made by requiring a complete annual national subsidy at the beginning of their program back in 1919 that they are now saddled with that burden.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Illinois.

Mr. McKEOUGH. With reference to the chart that the Administrator submitted to the committee at the time he appeared before us, and which is shown on page 137 of the hearings, it is indicated that at the present time the amount of money spent by the English Government—

Mr. WILLIAMS. I do not want the gentleman to make a speech. What is the question?

Mr. McKEOUGH. I have to state an introduction in order to clear up what I believe is a misstatement the gentleman

made. At the present time England loans 100 percent of the cost of the project. Is not that correct?

Mr. WILLIAMS. No; I do not agree with that at all.

Mr. McKEOUGH. Does the gentleman question the correctness of the Administrator's testimony?

Mr. WILLIAMS. I do. I question the correctness of the statement that the English Government lends 100 percent.

It is my understanding that the local housing authority in England may sell its bonds to the Public Works Loan Commission to the amount of the full value of a project. But those bonds have back of them not only that property but all the property and revenues of the authority, and in addition to that the taxing power to make up any deficit or default.

Mr. McKEOUGH. Did the gentleman inquire of the Administrator with respect to the correctness of the statement?

Mr. WILLIAMS. No, I did not; but I question that. The English Government may do it; it may.

Mr. McKEOUGH. It may; then it is possible it will do it in some instances.

Mr. WILLIAMS. Is that all?

Mr. McKEOUGH. I just wanted to make sure the gentleman's information is correct, as I believe it is incorrect.

Mr. WILLIAMS. The English Government does not always lend 100 percent; not by any means. The local housing authority in England does not necessarily borrow from the federal government, and I will tell you why. I will tell you the plan. If I had the time here I would discuss that in detail, because there is nothing to be concealed about it; not a thing.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Michigan.

Mr. WOLCOTT. If the gentleman will refer to the hearings on the extension of the Federal Housing Administration of last February, he will find that the contribution by the Government of Great Britain is, I believe, 73 or 75 percent only.

Mr. WILLIAMS. Yes.

Mr. LUCE. Mr. Chairman, if the gentleman will yield still further, Sir Harold Belknap, who knows more about this subject than any other living man, told me within a month to the same effect.

Mr. WILLIAMS. There is this absolute and essential difference between the plan we have here and the English plan with reference to the administration of the housing program and that is the local housing authority in England is a local political unit, like our county or our township or our city. They are the ones who administer the housing act in England. Here we have simply a corporation set up under the authority of a State legislature without a thing in the world back of it except the property it holds or acquires with the money it borrows from the Federal Government and the subsidy it gets from the Government and the rents that it receives from the property. There is no financial responsibility back of it. There is nothing of that sort there. In England when they borrow the money they have back of it the faith and credit of the entire municipal organization, and if there is a deficit in the housing-revenue fund, the taxing power of that local community may be brought into action in order to raise the amount of the deficit. This is the difference.

The movement to clear the cities of slums and to furnish safe and sanitary dwellings for the low-income group is a laudable and commendable one. This great social service is worthy of the most careful consideration and closest study. A blunder now will mean a set-back for this great cause. In the interest of the National Treasury, as well as the efficient and effective administration of the housing program, there should be real and substantial local contribution and responsibility. [Loud applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, did I understand the gentleman from Pennsylvania [Mr. DALY] to make the state-

ment just a moment ago, when the gentleman who preceded me was speaking, that the real-estate assessment or the assessment of property in Philadelphia and in Pennsylvania had dropped 75 percent?

Mr. DALY. No; what I said, speaking of Philadelphia and not Pennsylvania, was that you could buy in Philadelphia today practically 75 percent of the real estate for 70 percent of its assessed value.

Mr. HOFFMAN. I thank the gentleman.

There is a testimonial that comes from a worthy Member of our own body showing just exactly what the New Deal has brought to Philadelphia. The New Deal took over Pennsylvania and Philadelphia lock, stock, and barrel. They have a New Deal wage law in Pennsylvania. They have had the full benefit up there of John L. Lewis, his United Mine Workers, the C. I. O., and the glorious effects that come from the N. L. R. B. They are basking in the warmth of the New Deal sun at noontide, and 75 percent of their property is worth 70 percent of its value. That fact is a typical and common result of New Deal application of its theories.

Mr. DALY. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. They have had the benefit of the N. L. R. B. up in Philadelphia. If my memory serves me correctly, Philadelphia is the place where they sold a million-dollar factory for \$100,000, after Saposo' boy got through with their operations, junking the machinery. They have had all of the benefits up in Philadelphia of having the services of the distinguished gentleman [Mr. DALY], who is now on his feet here representing them, who has entrance to the White House, who has the ear, if I might so illustrate it, of our wondrous President and who undoubtedly is the personal friend of the President's secretary, McIntyre, and yet 75 percent of the property of the city is for sale at 70 percent of its valuation. And men are out of work, men are seeking jobs, men are hungry—men, women, and children are enjoying—shall we say the New Deal's brand of the "more abundant life"?

Mr. DALY. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. No; I got all the information I need—that will be enough for today. [Laughter.]

If this is not a record to be proud of, if this is not proof of what the C. I. O., the N. L. R. B., and the grand New Deal Jimmie and all, bring to a city, to a State, I do not know where you would get it. I am only sorry they have not confined their activities to Pennsylvania. They have slopped over into Michigan, Ohio, Illinois, and other States, and that is the thing that we worry about up there.

I have no doubt but that the purpose of this bill is worthy. I know that the new dealers, or so they say, have some worthy proposition, something that is going to help the oppressed, the downtrodden, the unemployed, in mind if they could only make something work in this workaday world of ours. Do not for a moment think I am now referring to any member of the Roosevelt family as being unemployed or out on a limb where they are not getting a pay check. I am not referring to their class. They all seem to be well provided for; even Jimmie has his uniform. I am referring to that class that the gentleman who preceded me, and who spoke so reasonably, so eloquently, and so persuasively, referred to; those people who make up the backbone of the country; those people who in the end will have to pay the bills—the farmers, the workers, the white-collar boys and girls, the small manufacturers and storekeepers, the common people.

I recall distinctly last year talking to a former Member of the House from New York, our very good friend, Marcantonio, who suggested that the people in the city of New York could not live unless we gave them so much per month, and, undoubtedly, he was correct about it; but my query to him was this: How long do you expect the people out in the country, who get up with the coming of the sun, who work in the field until it is going down—oh, yes; in dirty, nasty, dusty fields some say—but we say in that glorious outdoors where the sunshine is a tonic, where breezes blowing over the sun-kissed clover fields bring Na-

ture's sweet restorer, more precious than perfume from the farthest Orient, where the morning dew makes man glad and to rejoice in his strength, where evening's shadows call him home to his rest to the arms of a faithful wife, to the bosom of a God-fearing family, to a night's repose that knows no troubled sleep—how long do you expect us people to continue to toil day after day, week after week, year in and year out—how long do you expect us to work and support the people in the cities in idleness?

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Not long ago I noticed there was an item in the papers showing that down here in Washington there were homes being turned over to the colored people, and there is no reason why they should not live just as well as we do, in homes just as good and well furnished as we do, and if I had my way they would. Those homes were costing \$6,800 each, and that is all right. That is fine. They were to be occupied at a rental that was not sufficient to pay upkeep and interest charges and reimburse the Government. Was that right—was it just?

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes more to the gentleman from Michigan.

Mr. HOFFMAN. Mr. Chairman, I remember the old home in which I lived when I was first married, and I still live in the same one. The cost above the foundation was just \$1,000. Of course, it did not have a tinted porcelain bathtub in which flowed hot and cold scented water, but, after all, the old lady and I and the kids as they came along—and they came along, thank God—could get clean, first, in the old wooden washtub, which we hauled in from the woodshed, and later, as improvements came, in the nice, shining galvanized tub, by the use of the soft soap that we made ourselves. And gentlemen would be surprised how a good dose of soft soap in real hot water mixed together in an old wooden tub will make one feel not only physically clean but mentally and morally clean. I do not know whether there is any scientific question involved in that operation. My good friend from New York, Dr. Sirovich, can, no doubt, with his vast scientific knowledge trace some connection between the hot water and soft soap applied vigorously with a stiff scrubbing brush and clean, clear thinking. I would suggest to some of my city friends that sometime, instead of getting into that beautiful bathtub of theirs that is sunk in the floor, feet first, all tinted and perfumed, with wondrous paintings on the wall, with scented powder waiting their pleasure, after a drying with a soft, caressing towel, they take a kettle of hot water and they place in it a couple of handfuls of good old soft soap, and with corn-cob vigorously applied, wash themselves all over—yes; up and down as far as possible, and even around and behind the ears and between the toes, even between the little one and the one just east or west of it—and get physically clean all over, and then read a chapter or two out of the Bible, and perhaps say, "Now, I lay me down to sleep," and see if, after that old-fashioned "horse and buggy" days, they do not feel a little bit better, a little more sanctified, a little more charitable, a little more able to take care of themselves, and not throw all of their burdens on the country people. Is there any reason why you need so much money in cities? What is a home, after all, that you would build? We are not just building barracks, a home is not just a place to put people in, as bees put honey in cells, as one files papers away; a temporary storeroom just to stuff people into little cubicles here and there. You want a home for people, a home for the family, a home for the kids, a home for mother, a home for father, a home where on the wall hangs the motto, "God bless this home." And what is a home, after all? It is not a place that the young fellow goes to—to meet companions who drink, swear, and tell lewd stories.

Mr. DALY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Michigan yield for a parliamentary inquiry?

Mr. HOFFMAN. I do not. Do you want to know what a home is and what it is for? It is not a big place that sets

away back behind a stone or iron fence in some city or suburb or some place like that. I do not figure that is much of a home. That is just a place to stop; that is just a place where you meet your neighbor and your neighbor's wife; that is just a place to say "good morning" or "good evening" to a maid or footman. That is just a place where your sons and daughters come to meet other young people who drink or who dance, talk about their betters and use as a starting point for some livelier place of pleasure. My idea of a home is a little place that is set off by itself. A place that is sacred to the family, where mother reigns supreme, where each has his part of the toil, of the pleasure; where each is the other's counselor, helper, sympathizer; where each is a part of the whole, and the whole is one in happiness and sorrow, if sorrow comes. There may be no chimney in this home of mine and the smoke pipe perhaps may go up through a tile or a piece of tin on up through the top of the roof, and perhaps the bed I sleep on, instead of having a Simmons spring and inner-spring mattress is simply some old pieces of rope tied to the crosspiece at the foot and to the crosspiece at the head of the bed, and drawn tight with a stick twisted in, and it may be possible that there is nothing in the mattress but some straw, a luxury indeed compared to the old corn husks that some of us used to sleep on. But it is a place where when you have finished your day's work whether in the mill or in the field, in factory, or in mine, or just fishing in creek or pond, or just loafing round the corner store chewing tobacco and spitting on the stove or in ash box you can go to morning, noon, or night, you know it is your own. A place that is your own, where you are king, where wife is queen and the raggedest, dirtiest-faced kid when he crawls upon your knee is prince or princess, a gift from the gods. A place all your own where you can go and meet the wife, knowing that she is your wife—and your wife only—where when she greets you she knows that you are her man—and her man only. Where each child knows that no matter what the reproof—the punishment for wrongdoing, in the end all is forgiven—all is affection and love. A home where when you come in, perhaps toiling over the kitchen table preparing your supper, your wife is waiting with a welcoming smile and has for you in her work room, the kitchen, a place where you can sit down with her and maybe with your boys and girls and eat of the things that you have earned by honest toil.

That in part is what I call a home, and when the evening meal is over, perhaps you gather around the fireplace or the stove and you read a chapter or two from the Scripture, talk awhile with the family, share their joys and their sorrows, until it is time to go to sleep, and then you all get down on your knees and father or, perchance, mother lifts voice in prayer and all thank God for the things that he gave during the day, and ask him to keep you through the night and to give you the morning sun, when you may begin another day of toil in his vineyard. That in part, and a very small part, is a feeble description of a place that may be called a home—the place that is yours, and into which no man can come unless you say, "Yea." It is my regret that time is not permitted me to point out some of the contrasts that will exist between these structures—these things of wood and steel and stone—where on the door mat in place of the familiar "Welcome" we will find inscribed "Vote for Roosevelt." In place of the motto on the wall, "God bless this home," we will find, "Franklin, be kind to me."

Mr. DALY. Mr. Chairman, I call the attention of the Chairman to the fact that the gentleman from Michigan is not addressing himself to the bill.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. TRANSUE].

Mr. TRANSUE. Mr. Chairman, I think it would be well for a man from Michigan now to talk about the bill for a while. This controversial amendment and the whole thing seems to me to sum itself up into a question of whether or not we will support the administration in relieving unemployment that is rampant in my district and most of the

other congressional districts of the country. I read now that portion of the President's message which deals with this subject. The President delivered a message on relief on April 14, 1938, and in that message he stated in regard to housing as follows:

This third proposal relates solely to definite additions to the purchasing power of the Nation by providing new work.

I ask for certain amendments to the United States Housing Authority Act to permit the undertaking of the immediate construction of about \$300,000,000 of additional projects. The Federal Housing Administration is prepared to increase the already mounting volume of home and apartment construction.

Subsequent to that message our committee received from the Administrator, Mr. Strauss, two proposed amendments to carry out the program suggested to the Congress by the President.

That, as he states here, is the third part of his program. The Administrator, appearing before our committee, stated that he could carry the program along with the 10-percent contribution by the municipalities and local housing authorities retained, the municipalities and local authorities being required to obtain that money from some place other than the Federal Government. The Administrator's testimony, however, is to the effect that in case that is required it will slow the program up, that it will take some months to get it under way; in other words, the \$500,000,000 that was allocated to this slum-clearance program last year would be sufficient to carry through the program if we are still going to demand the 10-percent contribution from the municipalities. I think that is the testimony of Mr. Strauss, the Administrator.

So it comes down to the question, Are we going to try and relieve unemployment in this country? Are we going to put men to work? As has been stated by Mr. O'CONNOR, are we going to give the skilled artisans of this country a place to go to work and thus comply with the President's program in regard to housing?

For just a minute I want to direct your attention to what the cities do give to this program. It has been stated that they do not give anything. At the time the gentleman from New York [Mr. O'CONNOR] stated that I asked him to yield and suggested that the tax exemptions and assessments that were given by the local municipalities to lower the rents for that portion of our population for whom this slum-clearance program is intended is an actual contribution on their part. Those who say it is not a contribution have not, it seems to me, looked into the facts, because the people who pay taxes on real estate, or whatever taxes are raised by the local government, pay a substantially higher tax than they would if these projects were not exempted. These other taxpayers in the community are making a very substantial contribution in the form of the exemptions granted these projects.

Mr. VOORHIS. Mr. Chairman, will the gentleman yield?

Mr. TRANSUE. I yield.

Mr. VOORHIS. Is it not true that this bill does not affect in any way whatsoever the provision for local contributions, that the local contribution of 20 percent, or the annual subsidy, is still retained? The local contribution and the grant plan are still retained. The only question involved is whether the local housing authority shall borrow 100 percent or 90 percent from the United States Housing Authority.

Mr. TRANSUE. That is exactly the question here involved.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. TRANSUE. I yield.

Mr. WOLCOTT. In this connection, will the gentleman explain how the proposed committee amendment changes existing law?

Mr. TRANSUE. It is my understanding that under the pending bill the Housing Authority may lend 100 percent where it previously could lend only 90 percent.

Mr. WOLCOTT. Will the gentleman cite where in existing law any restriction is placed upon the lending authority of the Administrator?

Mr. TRANSUE. Yes; there is such restriction. I have not the law in front of me, but there is in existing law a provision that only 90 percent can be lent by the Housing Authority under this type of construction. That provision is in existing law, I am sure, because I just read the paragraph. It gets down to just that.

Under the way the Housing Authority is proceeding at the present time it is necessary for the local communities to borrow 10 percent from the local banks or some other source. I ask the Members of this House what city in this country has, in cash, 10 percent of the amount of one of these projects? I know of no city in the State of Michigan which has any such surplus in its treasury, and I do not believe there are very many cities in the country which have surpluses in their treasuries. The present method is for them to pledge the rentals of these projects for the 10 percent. They get the 10 percent from the bankers. Under existing arrangements it is necessary for them to pay a higher interest rate to the banker for the 10 percent loan, although it is gilt-edge security. Consequently, the interest rate on the 10 percent being greater than it is on the 90 percent they get from the Government, it necessitates that much higher rental that the people occupying these projects must pay.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. TRANSUE. I yield.

Mr. BOILEAU. Has the gentleman any information as to the comparative rates of interest that will have to be paid by these authorities on the money borrowed from the Government and the money they have been borrowing from the banks?

Mr. TRANSUE. My information in regard to that is that it is higher. I cannot speak with exactness, but my understanding is that it is from 4 percent up.

Mr. BOILEAU. From the banks.

Mr. TRANSUE. From the banks.

Mr. BOILEAU. And it is below 4 percent from the Federal Government. So the authorities in the final analysis are not borrowing more money one way or the other.

Mr. TRANSUE. Not at all.

Mr. BOILEAU. It is just a question of borrowing it all from the Federal Government rather than a part of it from the banks.

Mr. TRANSUE. That is right. So, as I said before, the question comes down to whether you are going to try to improve the unemployment situation in the country, are you going to give men jobs, are you going to give them the mass purchasing power that has been requested, the kind of purchasing power that brought us out of the doldrums of 1932 and 1933, or are we going to say that we cannot meet the situation?

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DORSEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 10663) to amend the United States Housing Act of 1937, had come to no resolution thereon.

HOURLY OF MEETING

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. O'CONNOR of Montana (at the request of Mr. GREEVER), indefinitely, on account of official business.

EXTENSION OF REMARKS

Mr. DEMUTH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a memorial address.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FLETCHER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Record with reference to the address I made this morning and include therein a statement regarding old-age security.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. Under a special order of the House heretofore made, the gentleman from Indiana [Mr. LUDLOW] is recognized for 25 minutes.

PEACE BY CONFERENCE AND A NAVAL HOLIDAY

Mr. LUDLOW. Mr. Speaker, it seems to me that it would be a tragic development—tragic to America and tragic to humanity everywhere—if this Congress should adjourn without doing something to protect America and the world from the horrors of war. We have been in session since January 3, and with half of the world on fire and the other half resting on a tinder box, we have done absolutely nothing to promote peace. We are drifting, drifting, and in such circumstances drifting is dangerous.

My purpose in arising today is to do all I can in my feeble way to arouse the forces of peace to an instant realization of our obligations and responsibilities. I hope that Congress, before it adjourns, will adopt my resolution placing itself on record in favor of a naval holiday and a conference on limitation of arms.

The adoption of this resolution by the body that speaks for the people would dramatize to the vision of the entire world the American will for peace, and in every country on the globe it immediately would start a new trend of discussion away from war and in the direction of peace. Judging the sentiment of humanity as a whole, the forces that make for peace are much greater than the forces that make for war, and in this dark hour of history the leadership of America is all that is needed to start a world-wide peace movement of great portent and promise.

The news that America is taking the lead in a world-peace movement would fly on the wings of electricity to the farthest corners of the earth, and it would do more right now than anything else that could happen to lift up and strengthen the weary heart of humanity.

BLESSSED ARE THE PEACEMAKERS

There is no doubt the people of the world are ready to acclaim such leadership. From the mouths of untold millions of human beings would come all homage and praise to America for leading in such a movement.

Viewing the world picture of today, America, strong, alert, and idealistic, needs to hark back 1,900 years to find its motivation in the words of the Man of Nazareth, "Blessed are the peacemakers."

If there ever was a time when the Christian influence needed to be exerted in world affairs, now is that time. My humble confession of faith is that if this sorrowing world is to be saved it will be through Christianity's saving force and power, and that no time should be lost in arousing Christians to united action against the atrocities and butcheries and griefs and burdens of war.

THE HOUR HAS STRUCK—THE OPPORTUNITY IS HERE

America has an opportunity to be of immeasurable service to humanity if it will assume the leadership now—not sometime in the future but now—of a peace movement to break the spell of militarism that is gripping the world.

The hour has struck. The opportunity is here. Will we embrace it or will we forfeit by negligence and inaction our chance to turn the world away from war into paths of peace—a chance that may never come to us again? What can we do?

America can do two things now to arrest the tide of butchery called war and to relieve humanity from the fears and the grueling financial burdens caused by the war psychosis which has taken possession of the world. Those two things are:

First. Propose to the powers that we have a naval holiday.

Second. Call a conference of the powers on limitation of armaments.

Never did a nation have such an opportunity for leadership as now confronts the United States. If it were divinely ordered, it could not seem more perfect. The people all around the world are weary of war. They are weary of its griefs and heartaches. They are weary of its crushing burdens and of the pain it puts in the hearts of mothers. Just now a leader who could compose the war clouds and start the trend away from war and in the direction of peace would be hailed as the savior of the world.

Never was a more stellar role cast for the exercise of American statesmanship. Of all the nations on earth America is best qualified to lead in this world-peace movement.

America's leadership, if brought into action at this time, now, can check the mad race for naval supremacy and can bring the powers together around a table to plan a reduction in armaments. In the concurrent resolution I have introduced in the House, known as House Concurrent Resolution No. 46, I propose that the United States shall sound out the other nations on a suspension of all naval construction until January 1, 1940, and shall issue a call for a conference of delegates of all the leading powers to be held in Washington next October to take up the question of limitation of armaments. As my resolution suggests a definite course of national action that cannot fail to interest every peace-loving citizen, I ask your indulgence while I read its text.

TEXT OF PEACE CONFERENCE RESOLUTION

It is as follows:

Whereas a competitive race of armaments is sapping the financial strength of nations, breeding international distrust and suspicion, and endangering the peace of the world; and

Whereas there are unmistakable indications that the world is weary of war and strife and the colossal burden of armaments and would welcome a sincere movement in the interest of peace: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress of the United States of America that a proposal to suspend by joint action all naval construction until January 1, 1940, should be submitted by the United States to all of the leading powers.

It is also the sense of the Congress of the United States of America that a peace conference should be held in the city of Washington on or about October 1, 1938, to which all of the leading powers should be invited to send delegates to discuss limitations of armaments and other questions associated with and promotive of international concord.

This resolution may be cited as the peace-by-conference resolution.

A great national ground swell of sentiment back of this resolution would insure its adoption. It is so worded that it does not interfere with the prerogatives of the President, the Secretary of State, or any other officials who are concerned with foreign affairs. It does not instruct or direct them to do anything. Its adoption would not be a mandate but it would be informative as to the views of Congress and the country. The resolution does not contemplate any action outside the legitimate and proper jurisdiction of Congress. It does not infringe upon the province of any executive authority. It merely declares it to be the sense of Congress that America should now take the lead in declaring a naval holiday and in calling for a conference on limitation of armaments.

It is entirely proper that Congress, representing the people, should express itself. The time is ripe for it. The world is crying for action to break the war psychology.

It has often been truly said that the function of a concurrent resolution is to register the opinion of Congress, and that is what this resolution will do, if adopted. But it has even greater significance than that. The Congress of the United States, especially the House, is traditionally close to the people, and this resolution is proposed as the only

means applicable to the situation of registering the will of the people on war. It will mean, if adopted, that the people of America think the time has come to cease the insane rivalry of armaments and to put a stop to the unconscionable butchery called war. In a democracy it is right and proper that Congress, the body that stands closest to the people, should express itself from time to time by concurrent resolution on questions of great and vital national interest. There is a strong and insistent national demand that Congress shall live up to its obligations as a coordinate branch in the scheme of government. Congress will abdicate its functions and will be untrue to its responsibilities if it does not keep forever vibrant the voice of the people. Certainly these are questions on which the people who have to do the suffering and the dying and to bear the unspeakable burdens and griefs of war have a right to express themselves; and if they do express themselves through their chosen Representatives by the adoption of this resolution, there is no reason to doubt that officials of the Government who are charged with the responsibility of acting in foreign affairs will give proper attention and consideration to their wishes.

NAVAL EXPANSION BILL EQUALS VALUE OF FOUR STATES

A naval holiday coming at this time, just before the naval expansion bill is to go into effect, would be a great boon to American taxpayers. This single bill authorizes an expenditure of about \$1,150,000,000 for instruments of destruction, a sum so stupendous that it staggers the imagination. This bill alone appropriates the equivalent of \$2,742 for every day since the birth of Christ. The estimated value of all real property and improvements in four States is as follows: Vermont, \$351,463,000; Delaware, \$292,253,000; New Mexico, \$392,287,000; Nevada, \$227,453,000; total, \$1,263,456,000. This one bill, if carried into effect, will be a charge against the taxpayers that will be equivalent to almost the total property values of four States. This fact is paralyzing to all who stop to think. Does not common prudence suggest that before we sacrifice such enormous values we should make some effort to secure an agreement among the powers for a naval holiday?

Fortunately, by the very terms of the naval expansion bill the way is left open for the creation of a naval holiday and an arms limitation conference, such as my resolution proposes. Section 9 of that bill says:

In the event of an international treaty for the further limitations of naval armament to which the United States is signatory the President is hereby authorized and empowered to suspend so much of its naval construction as has been authorized as may be necessary to bring the naval armament of the United States within the limitations so agreed upon, except that such suspension shall not apply to vessels and aircraft then actually under construction.

Here we have a plain suggestion that is worthy of the most careful consideration. That suggestion holds implications of the most widespread interest to humanity all over the world but it will amount to nothing more than a useless gesture unless something is done to make it effective. Let us not permit an idea to die, still-born, that offers so much of hope for the future peace and security of humanity. Let us by adopting the resolution I have introduced give it real promise and vitality so that something worth while may come of it. As a Christian nation, dedicated to high ideals, we could do nothing better, nothing nobler.

The world is ready for an arms limitation conference and if America does not propose such a conference it will miss one of the greatest opportunities to promote world peace that was ever offered. Diplomats and roving ambassadors may split hairs and may strive by all the unfathomable methods which only a diplomat can understand to convey the impression that a peace movement is not practical at this time but the people are tired of diplomatic circumlocution and tergiversation and are sick of the devious ways of the diplomatic gentry. The people want peace and they want it by direct action. They see nothing improper in inviting Japan and England and France and Italy and Germany and the other powers to get together around a table

in Washington to ascertain whether an agreement cannot be reached that will stop the armament folly and insure peace to a weary world. They ask this question, If it comes to the worst and the movement fails, what harm has been done? The world will then be in no worse fix than it is now.

JAPAN AND BRITAIN WOULD WELCOME CONFERENCE

But there is every reason to believe that the movement would not fail. There is every reason to believe that it would be a grand success, for the people of other countries are as sick and weary of war as the people of America are. On February 19 the Associated Press carried a dispatch from Tokyo stating that at a giant mass meeting in that capital 10,000 Japanese shouted approval of a resolution by Takeo Miki, member of the Japanese Parliament, suggesting an antiwar pact between Japan and the United States and calling for closer ties between the two countries. After listening to 17 speakers the great assemblage adopted the following resolution:

We hereby declare we will endeavor to deepen the understanding and advance cordial relations between Japan and America and thereby contribute to the peace of the world and the welfare of mankind.

The assembly was called a Japanese-American friendship meeting. Copies of the resolution were ordered sent to President Roosevelt, Secretary of State Hull, Vice President Garner, and Speaker Bankhead.

On March 4, 1938, in Tokyo Japan's Foreign Minister, Koki Hirota, said:

Japan would welcome an opportunity to discuss the question of naval reduction with the powers. If such an opportunity appears, the Japanese Government will propose the total abolition of capital ships.

The Prime Minister of Great Britain, the British Foreign Minister, and the head of the Japanese Navy all say they want to enter into a conference to limit naval armaments. When responsible spokesmen of other powers give voice to such sentiments, who can doubt that an arms limitation conference would be successful?

SECRETARY HULL'S WISE UTTERANCE

On September 1 last Secretary of State Hull said:

This country is only awaiting the opportunity to enter upon any genuine effort that may be made toward disarmament.

And to this forthright declaration he added a graphic word picture of the folly of arms races.

International armaments—

He said—

are bankrupting the world. We seem to be caught in a vicious circle where each increase begets more, and more men are taken from productive work and more and more capital is removed from constructive use.

The war psychology will be dissipated and hope will return to the hearts of men just as soon as representatives of the nations assemble around a table and solemnly resolve that they will have no more of this foolishness that is leading civilization to the brink of destruction. To what nobler task could America dedicate herself than the leadership of this great cause? The issue involved is tremendous. If America leads, other nations will follow in the path to peace. If America does not lead, the world will continue its mad course toward destruction. [Applause.]

Mr. FLETCHER. Will the gentleman yield for a question?

Mr. LUDLOW. I yield to the gentleman from Ohio.

Mr. FLETCHER. I think every Member of Congress and the people of the Nation owe a very deep debt of gratitude to the gentleman from Indiana for taking the leadership in behalf of this cause which he so ably represents here today. His intelligent and constructive work will be a wholesome influence for peace for many years—I was about to say generations—to come. The city of Indianapolis and the State of Indiana have a right to feel proud of their distinguished contribution to the peace leadership of America. He sees with a clear and far-sighted vision, and he is tireless in promoting the cause of peace, which is to him a sacred cause.

Does the gentleman believe that without legislation of this kind, authorizing a conference, a world war is inevitable?

Mr. LUDLOW. I say with great sadness I fear it is.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. A thoughtful man of God said to me some weeks ago:

The battleship *Tezas* and the Library of Congress were built about the same time. Each cost \$5,000,000. The battleship *Tezas* has gone and the Library of Congress is still functioning with ever-increasing usefulness.

This is a striking contrast of public investments. I prefer libraries to battleships, but, of course, I do not want my country equipped solely with libraries while our aggressive neighbors are equipped with battleships. I would very much prefer that all nations be equipped with libraries.

I wish to second the complimentary statement of the gentleman from Ohio regarding the leadership in the cause of peace of the able gentleman from Indiana. Is it not the gentleman's judgment that the large vote cast in this body for the so-called super-Navy bill, the authorization bill which we passed some time ago, was due to the fact that it contained the provision which the gentleman quoted, holding out hope for such a limitation of naval armament?

Mr. LUDLOW. While that was perhaps not a decisive factor in the situation, I believe it certainly was impressive with many Members and certainly it helped many Members reach the conclusion they would vote for the bill. There are no stancher or abler friends of peace anywhere than the gentleman from Ohio [Mr. FLETCHER] and the gentleman from Arizona [Mr. MURDOCK], and I thank them kindly for their good opinion of the work which I have humbly sought to perform in the cause of peace. [Applause.]

The SPEAKER pro tempore (Mr. RABAUT). Under a special order of the House heretofore entered, the gentleman from Nebraska [Mr. BINDERUP] is recognized for 30 minutes.

PERMISSION TO ADDRESS THE HOUSE

Mr. BINDERUP. Mr. Speaker, I ask unanimous consent that on Monday next after the disposition of matters on the Speaker's table and at the conclusion of the legislative program in order for the day, I may address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

GOVERNMENT MONETARY CONTROL

Mr. BINDERUP. Mr. Speaker, again today my mind goes back to the time we inserted the money plank in the Democratic National Platform following the "Crime of 1920."

Once more let me call the attention of the Democratic Party to this sacred covenant we made with the people. Ask yourselves if we have fulfilled this promise; ask yourselves if the Democratic Party, in power for 6 years, has made the slightest attempt to solve this vital question; and then ask yourself, Who is it that is hindering legislation on this most important question; what hidden power is this that is destroying the Nation's happiness and prosperity? If there were more Republicans in the Congress, or more Progressives or Farmer-Laborites, then we Democrats might blame them, but with our unusual majority there is no escape.

Let me repeat this one plank this afternoon, in which we actually told the people that we did know the trouble, and we were right then. Here is what we said in that platform:

We denounce the recent cruel and unjust contraction of the legitimate and necessary credit and currency which was directly due to the so-called deflation policy started on May 18, 1920. * * * We demand that the Federal Reserve Banking System be so administered as to give stability to industry, commerce, and finance, as was intended by the Democratic Party which gave the Federal Reserve System to the Nation.

A similar plank has been carried in every Democratic platform since that time.

Before I go on with our discussions on my monetary control bill today I will pause for some time to answer questions and

review somewhat the principles brought out in the discussions on preceding days. I will be pleased to answer questions.

Mr. HILL. Mr. Speaker, will the gentleman yield?

Mr. BINDERUP. I yield with pleasure to my friend from Washington, who I know is taking a great interest in this monetary question.

Mr. HILL. They call the money, under your plan, rubber money; my understanding is that you are simply reversing the present situation and system and creating stable dollars.

Mr. BINDERUP. The gentleman from Washington is perfectly right. For example, in 1920 the dollar measured the land values of the Nation as being worth \$66,000,000,000, and 13 years later measured the same acres, producing the same amount of grain as being worth only \$28,000,000,000. It measured farm products as being worth \$13,000,000,000, and 13 years later, although there was the same quantity of farm products, as being worth only \$5,000,000,000. Now some might think there might be some other reasons, but the fact is that out of the 784 commodities in our price level the dollar measured each and every one of the 784 commodities as having fallen in the same proportion.

And then when we noticed that the amount of money in the Nation had decreased in exactly the same degree that commodities had fallen in price we knew and understood the truth of the quantitative philosophy of money, as old Adam Smith has told us, in fact, as all economists tell us; that it measures the value of commodities by and according to its own supply and demand as compared with the supply and demand for commodities moving into consumption. The banks could have just kept on reducing our supply of money until a bushel of wheat would sell for a nickel, or they could increase our money supply until a bushel of wheat would be worth \$10, and the amount of wheat raised would not in the least make any difference. All you have to do is to reduce the amount of money greater than wheat had decreased. That is what we call "rubber money." Money that would measure all the commodities in the Nation at a certain number of billion dollars and a year later would measure the same amount of commodities as worth only half as much or perhaps twice as much. Yes, that is truly a "rubber dollar" and the bankers do the stretching, by loaning their credit and then by calling loans and refusing to make new loans.

Mr. HILL. Does the Federal Government have more assets back of these bonds than the banks do?

Mr. BINDERUP. Certainly the Federal Government has all the property of the entire Nation back of its credit, over \$300,000,000,000, while the banks have greater liabilities than assets. There is no question about it, the credit of the Federal Government not only includes all the credit, or assets, of all the banks but of all industry and all the people as well. Yet we exchange the Government's credit for the banks' credit and today we, the people, are paying them a billion dollars or more a year for the privilege and we let them try to make the people believe that it is their credit back of Uncle Sam's money that makes it safe and sound. Why, it is only 5 years since half the banks in the country went broke and the whole lot of them would have been broke if the Government had not stepped in with its credit to save them.

And strange as it may seem to one who would stop long enough to think, 6 months after we, the Government, had loaned them, the banks, \$3,500,000,000, we borrowed from these same banks \$4,800,000,000. There must be a lot of money made in the banking business. But the stranger part of it is we sold these banks \$4,800,000,000 in bonds when they were broke and then loaned them the money we had just got from them for the bonds they bought while they were broke, and they finally wound up with both the money and the bonds. I must stop and explain this strange business; how these wizards of finance smear it all over Uncle Sam, whose only protection is a Congress that either does not understand or that seems afraid to take action. Of course, I could not go on without explaining just how this is done.

In support of our contention that private banks, insofar as they expand their own credit and thus create bank deposits, are virtually individual private mints, issuing money in contravention of the Constitution, I quote below from the testimony of Governor Eccles, of the Federal Reserve Board, before the Banking and Currency Committee of the House during the hearings on the Banking Act of 1935:

Governor ECCLES. * * * In purchasing offerings of Government bonds, the banking system as a whole creates new money, or bank deposits. When the banks buy a billion dollars of Government bonds as they are offered—and you have to consider the banking system as a whole, as a unit—the banks credit the deposit account of the Treasury with a billion dollars. They debit their Government-bond account a billion dollars, or they actually create, by a bookkeeping entry, a billion dollars.

Mr. GOLDSBOROUGH. By a sort of magic or necromancy.

In like manner, as the banks increase their deposits or create new money through the purchase of Government bonds, the banks also create new money—increase their deposits—by buying notes and other commercial paper from their customers.

Thus as our money supply is increased by the banking system creating new money—increasing their deposits—by purchasing Government bonds or notes or other obligations of their customers, so also is our money supply decreased by the banking system demanding payment of these notes or obligations and refusing to make new loans to take their place. In this connection I again quote Governor Eccles in the same testimony as quoted from above:

Governor ECCLES. When the community begins to pay its debt to the banks, it extinguishes money, deposits currency, and if that process of deflation gets under way it is more or less self-generating and it is very difficult to stop it * * *.

In commenting on the crash of 1929, Governor Eccles further said:

Banks * * * brought pressure upon all loans which came due during the period, and were forced to refuse new credit. They were bringing pressure to collect loans that became due, and to sell securities that they had, whenever they could do so without taking too large a loss * * *. Therefore, in an effort and under pressure to get liquidity, they froze themselves so completely that they finally closed the entire banking structure.

The above frank and true statements are from Mr. Mariner S. Eccles, Governor of the Federal Reserve Board of the Federal Reserve Banking System.

What an admission of the incompetency of our banking system.

What an indictment of our monetary policy, and what a crime that we should allow it to continue for even another day.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield? Mr. BINDERUP. I yield.

Mr. CRAWFORD. I would like to ask the gentleman a question with reference to the remarks he made a few moments ago about the deflationary forces we put into operation in 1937. Does the gentleman understand that the assessment or collection of the social-security taxes was deflationary; in other words, did that represent three-quarters of a billion dollars of deflation?

Mr. BINDERUP. And next year it will be over a billion dollars that the social security will take from the laboring people of the country. However, that would be deflationary only to the extent of its reduction of the immediate purchasing power of these laboring people and to the extent that it is not immediately placed back into circulation.

I understand that the Government is investing this money in Government obligations, or bonds, and in that manner it is, of course, putting it back into circulation; however, unless the same portion of it gets back in a very short time to these in the lower income groups from which it was collected it does reduce their purchasing power, tends to centralize in the higher income groups, and is to that extent I think deflationary.

We always seem to have ways to draw money out of circulation, but we have no plan to put money into circulation.

Mr. CRAWFORD. And that was put into operation at the same time other deflationary measures were sprung on the people?

Mr. BINDERUP. Yes. We gave the Federal Reserve Board three plans whereby they could contract or take money out of circulation and give us panics, depressions, and recessions, but we did not give them any plan to go on and create expansion and prosperity. It is about the same as a general with a bugler who had learned only three calls and all of these were for a retreat, with no calls for an advance. That is the situation our Federal Reserve Board is in, absolutely hopelessly lost, a complete failure. It has caused three of the most disastrous depressions the Nation has ever seen and never the slightest power to stop a panic after it once started one.

Mr. Eccles in an article in Fortune Magazine said these very things. He stated that, of course, monetary control is most essential, but it always gets away from us. When it begins to go up toward inflation we cannot stop it. When it gets started down toward deflation we cannot stop it. And Mr. Eccles was right.

May I give you the key to that. It is because, as I told you yesterday, we have tried to control the volume and velocity of money in the United States by taking to our bosom Wall Street and the international bankers, poison and destruction to our plan. You cannot blame the bankers individually for opposing us because they know that we are trying to take away from them that wonderful privilege they have of creating the Nation's money. We cannot create prosperity by pumping money in at the top. I wonder when our people will understand you have to bring about prosperity by creating a consuming and purchasing power among the people at the bottom of the ladder. Whenever Mr. Eccles is given the authority and mandate from this Congress so that he can increase the consuming and purchasing power among the people, and eliminate the impossible, that of taking the enemies of our plan from the picture, this will be accomplished.

Go to the people and they will work with you. They are cold and hungry and they will put the money into circulation immediately; yes, begin to spend it in the store and lumberyard even before it is received. Strange, is it not, how we have grown into the rut of believing that we cannot create money without the banks.

In the bill which I present to you is that monetary control that is necessary for our Monetary Control Board, as an agent of the Congress, to control the volume and velocity of our money.

Mr. REES of Kansas. Will the gentleman yield?

Mr. BINDERUP. I yield to the gentleman from Kansas.

Mr. REES of Kansas. It was stated here that there was a reduction of some \$2,000,000,000 in 1937.

Mr. BINDERUP. Yes; it is nearer three billion.

Mr. REES of Kansas. Do I understand the gentleman insists it was the fault of the individual bankers that that happened, and that they did it intentionally?

Mr. BINDERUP. Does the gentleman mean if they wanted to do less business?

No; absolutely not. They wanted to do more business with the same amount of money by reducing the price of commodities so their interest dollars could buy more labor and commodities.

Mr. REES of Kansas. But the gentleman stated it was their fault.

Mr. BINDERUP. The bankers had a meeting in May 1937 where they decided to cooperate with the Federal Reserve Board. It is always the bankers' fault and you must consider them as a whole—as a unit—rather it is our monetary system that is corrupt, and that system is controlled by the bankers. It was at this meeting that they decided to contract credit. This was in 1937, during the past year. Mr. Eccles also wanted to contract credit. Ask him and he will very frankly tell you that he and the Federal Reserve Board planned it that way. He will tell you that they were afraid we might have inflation, so he evidently thought we had better die of deflation than of inflation, and the only difference really is

that inflation will destroy the rich few who invest in dollars and the creditors, and deflation will destroy the multitude who invest in labor and services, and the debtor.

Since that subject has been opened up, I want to go into the matter of the contraction of our money supply in 1937.

It was on the 4th day of April 1937, that Mr. Morgenthau became very much interested in the stock market in New York. Why? Because United States bonds had been falling continuously and the banks of these United States owned almost \$20,000,000,000 of these United States bonds. Everyone knew that if these bonds should fall 10 points or 15 points, it would bankrupt every bank in the Nation, as the banks could not stand the loss of \$2,000,000,000. So Mr. Morgenthau hastened to New York to buy these bonds and boost the price of Government bonds. The Wall Street Journal carried an article 3 days later, on the front page, set in a very nice little black frame, stating that United States bonds were once more holding firm, thanks to the assistance of the United States Treasury.

But they knew—Mr. Morgenthau knew and Mr. Eccles knew—that we could not buy \$20,000,000,000 worth of bonds, or even half that amount. They knew, as we all knew, that with \$38,000,000,000 of bonds held by the banks and the public at low interest rates, these would be dumped on the market as soon as prosperity started back, in order that their owners could invest in industrial bonds and other more remunerative investments. So another thing was necessary. They knew they could do the opposite. Thus they could bring prices down. Just restrict and reduce the amount of money in circulation, which in our modern way of doing business means reducing demand bank deposits based on loans, debt; that the less debt we have the less money we have; and if the people paid their debts we would run out of money. They knew that they could depend on the Federal Reserve banks to cooperate when it comes to deflation, so they advised them to restrict new loans and to collect old loans, and in a few months we had reduced our money supply—demand bank deposits—over \$2,000,000,000. If they brought the industrial securities down they could hold the Government bonds up.

They understood, make money scarce and prices will come down on commodities and wages. That would stop people from selling their bonds and investing in other channels of trade. So they did what has been done 26 times before. They brought the price of commodities down. Again the people were sacrificed and business destroyed to save the banks. How long will the people stand this racket of the Federal Reserve Board and the banks against the people? No, my friends, let me answer, not long, for we are now tottering and our Government is threatened, and for no other reason than a miserable, corrupt, rotten banking and monetary system.

Mr. VOORHIS. Will the gentleman yield?

Mr. BINDERUP. I yield to the gentleman from California.

Mr. VOORHIS. In connection with what the gentleman said about the Government being forced to protect the bond market by buying bonds, is it true that at that particular time there was supposed to be fear of inflation and, therefore, according to the orthodox system at present in effect we should have been doing the opposite?

Mr. BINDERUP. Yes. I thank the gentleman from California for stressing this point. The minds of the people must be awakened to this unreasonable and illogical action of the Federal Reserve Board and the Federal Reserve banks.

Mr. VOORHIS. We should have been selling bonds in order to prevent having too large reserves in the banks, but we could not protect the price of the bonds. We had to turn around and buy them.

Mr. BINDERUP. Yes; exactly. And so we ruined the people and the Nation because we had no Government monetary authority with plans and mechanics to meet this situation. And I wish to mention that in my bill all these mechanics are set out definitely.

Mr. VOORHIS. In other words, it was impossible to do the two things at once.

Mr. BINDERUP. Of course it was, but a monetary plan must be so written as to meet such conditions. The banks have ever trafficked in Government bonds and my bill puts a stop to this kind of a racket. The American Federation of Labor made a report on that same day that there were 10,000,000 people out of employment.

A short time before that the Brookings Institution had given out a report that there were 10,000,000 families, not individuals, but 10,000,000 families in the United States with an income of less than \$2,000 and over \$1,000; that there were 6,000,000 families in the United States with an income of less than \$1,000 a year but over \$600; that there were 5,000,000 families in the United States with an income of less than \$500 a year and that there were 3,365,000 individuals in the United States without a single cent of income whatever. In the face of all that, in the face of the fact that farmers were still selling their products below the cost of production, with 10,000,000 laborers unemployed and the farmers living below the standard of an American citizen, the Federal Reserve Board used all of its efforts to bring about a deflation of credit—and, of course, did succeed in bringing about the 1937 depression. And if anyone should question this statement I will prove my words by the words of Governor Eccles and the President of the United States.

Mr. Eccles said in my presence, "We did it intentionally." They brought about a deflation of credit that took away from the people between \$2,000,000,000 and \$3,000,000,000. The bill I present to you presents means for controlling United States bonds so the banks cannot juggle the United States bonds. It eliminates that disastrous thing.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. BINDERUP. I yield to the gentleman from New York.

Mr. SIROVICH. One of the greatest tragedies I have seen in the banking situation is the necessity of having each bank publish every 3 months a statement supervised by the Comptroller of the Currency. This statement testifies to the amount of money each bank has, the accounts receivable, the notes and the bonds, and God knows what other obligations it possesses. According to the law, every bank has to carry a certain amount of securities the Government tells it to buy. If you are the president of a bank, you have to place 20 percent of your bank's capitalization in Government bonds and put them in your portfolio. You never use them.

Along comes a fall in the bond market that causes a depreciation in the value of the bonds the bank holds, and this brings a run on the bank because people see that deposits have fallen and how the bank's investments have fallen in price. How would you overcome that?

Mr. BINDERUP. The most stupid, corrupt thing we have in our Nation is our present banking system.

Mr. SIROVICH. And through no fault of the banks themselves.

Mr. BINDERUP. No; not a bit. I never did blame the individual banker. I have always blamed the banking system; but, of course, the Federal Reserve Board and the American Bankers Association have their way about it and they do not care any more for the welfare of the little banker than they care for all the rest of the people. You certainly cannot blame the 16,000 little bankers who, with all their depositors, sacrificed everything they had and went to the wall together. It was not the fault of the bankers; it was the fault of a disastrous, corrupt, childish, and incompetent system. It was the system that ruined us.

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. BINDERUP. I yield to the gentleman from Kansas.

Mr. REES of Kansas. The gentleman has indicated he is not opposed to the Federal Reserve Board as it now exists. As I understand, he wants to give the Federal Reserve Board more authority.

Mr. BINDERUP. Yes; mandatory authority as an agent directly responsible to Congress.

Mr. REES of Kansas. Let me ask this question, and the gentleman can answer or not, as he wishes. Does the gentleman believe the present Federal Reserve Board is in sympathy with the plan the gentleman has in mind and which he is submitting here today?

Mr. BINDERUP. I have not gone to see the Federal Reserve Board about it.

Mr. REES of Kansas. I took it for granted the gentleman indicated that the Board is in sympathy with his plan.

Mr. BINDERUP. Yes; I believe the Board is in sympathy with the plan, but regardless of whether it is or not, the Board must after all remain merely an agent of the Congress, to carry out the will of Congress.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The SPEAKER pro tempore (Mr. LEAVY). There is another special order under which the gentleman from New York [Mr. LORD] will be recognized to address the House.

Mr. LORD. That is agreeable to me, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, I would like to remind the gentleman that at the inception of his remarks he started to discuss the ups and downs of certain European countries as a result of manipulations of their monetary system. He was led away from that subject by questions and he has never got back to it. I am extremely eager to have the gentleman continue that discussion and adhere to it until he gets through with it.

Mr. BINDERUP. Mr. Speaker, I believe I said I should like to discuss this matter in an entire afternoon program if this might be agreeable. I stated I had traveled 10,000 miles to get that information and it is interesting. However, this information will all be included in the sheets I am sending to Members of Congress in the booklet known as Uncle Sam's Hospital Chart. Continuing, we gave \$11,000,000,000 to the banks by allowing them the unreasonable privilege of using their credit as money. When we sell bonds we do not get any money for them, we get credit on the books of the big banks, as I have formerly explained. So, after all, what do we do? We merely say to the banks, "Uncle Sam has voted bonds in his Congress—\$4,800,000,000 a couple of years ago and \$5,000,000,000 now, and Uncle Sam wants to swap with you." In voting bonds as we are doing now and have done in the past we merely extend an invitation to the banks. We say to the banks, "Uncle Sam wants to swap with you. We will trade Uncle Sam's credit for you bankers' credit." And so the swap is made. We give the banks beautiful green bonds with a lot of coupons attached, and the bankers swap just fountain-pen money that they give us credit on their books—fountain-pen money—and tell us to check on them. But we are paying the banks boot in this trade to the extent of \$1,000,000,000 a year.

Swapping Uncle Sam's credit for "busted" bankers' credit—of course they are "busted;" not one of them can show resources in excess of liabilities at market value today. And so we give the bankers Uncle Sam's credit and say to the bankers, "We will not even ask you to pay taxes on the credit we extend to you." And we take this worthless bankers' credit, distribute it to our people, and tell them, "You pay taxes on this so we can save the bankers this expense." A crime! This Congress must not adjourn before this unreasonable steal from the people is corrected.

Mr. VOORHIS. Mr. Speaker, will the gentleman yield?

Mr. BINDERUP. I yield with much pleasure to my friend from California.

Mr. VOORHIS. Will the gentleman explain what the Federal Reserve bank now buys bonds with?

Mr. BINDERUP. I cannot give you a better statement on that than what Mr. Eccles himself said in testifying before the Banking and Currency Committee of the House in 1935, which I quoted earlier in this address. This has now become

generally known, although it was startling information at the time to most people, who actually believed we got money, who if they had stopped to consider would know the banks could not pay cash for the bonds. For instance, our recent issue of bonds will amount to \$5,000,000,000, and to pay for these in legal-tender money would take about all there is in existence. No; we never get a penny when we sell bonds. All we get is credit on the books of the bank, just what I got when I borrowed from the bank, giving my note secured by the brindle cows referred to in one of my former addresses.

[Here the gavel fell.]

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 10140. An act to amend the Federal Aid Act, approved July 11, 1916, as amended and supplemented, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1585. An act for the relief of Sallie S. Twilley.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 10140. An act to amend the Federal Aid Act, approved July 11, 1916, as amended and supplemented, and for other purposes.

ADJOURNMENT

Mr. FLETCHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 59 minutes p. m.), under its previous order, the House adjourned until tomorrow, Friday, June 3, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Friday, June 3, 1938. Business to be considered: Hearings on H. R. 10127, railroad unemployment insurance.

There will be a meeting of a subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Saturday, June 4, 1938. Business to be considered: Continuation of hearing on H. R. 4358, train dispatchers.

There will be a subcommittee meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Monday, June 6, 1938. Business to be considered: Continuation of hearing of H. R. 10348, foreign radio-telegraph communication.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 7864. A bill to confer jurisdiction on the district courts of the United States in appeals from decisions of the Secretary of the Interior in Indian heirship and estate matters; with amendment (Rept. No. 2561). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1651. An act to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California," approved May 18, 1928 (45 Stat. 602); without amendment (Rept. No. 2562). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. H. R. 6925. A bill to provide for a national cemetery in every State;

without amendment (Rept. No. 2563). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on the Public Lands. H. R. 10752. A bill to authorize Federal cooperation in the acquisition of the "Muir Wood Toll Road", located in Marin County, State of California, and for other purposes; without amendment (Rept. No. 2568). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGLEBRIGHT: Committee on Mines and Mining. H. R. 9881. A bill to amend section 23 of the act to create the California Debris Commission as amended; without amendment (Rept. No. 2569). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATTON: Committee on Mines and Mining. H. R. 10764. A bill to amend section 73 of the Hawaiian Organic Act approved April 30, 1900, as amended; without amendment (Rept. No. 2570). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. H. R. 8854. A bill to repeal section 2 of the act of June 16, 1936, authorizing the appointment of an additional district judge for the eastern district of Pennsylvania; without amendment (Rept. No. 2575). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL: Committee on Indian Affairs. S. 1325. An act to provide funds for cooperation with Wapato School District No. 54, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation; without amendment (Rept. No. 2576). Referred to the Committee of the Whole House on the state of the Union.

Mr. HOBBS: Committee on the Judiciary. H. R. 9963. A bill to authorize the acquisition of the bridge across the Mississippi River at Cape Girardeau, Mo., and the approaches thereto, by a single condemnation proceeding in either the District Court for the Eastern Judicial District of Missouri or the District Court for the Eastern Judicial District of Illinois, and providing the procedure for such proceeding; without amendment (Rept. No. 2577). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HARTER: Committee on Military Affairs. S. 44. An act for the relief of Edward N. Jerry; without amendment (Rept. No. 2564). Referred to the Committee of the Whole House.

Mr. HARTER: Committee on Military Affairs. S. 1168. An act for the relief of Joseph W. Bollenbeck; without amendment (Rept. No. 2565). Referred to the Committee of the Whole House.

Mr. MAHON of South Carolina: Committee on Military Affairs. S. 2408. An act for the relief of John H. Balmat, Jr.; without amendment (Rept. No. 2566). Referred to the Committee of the Whole House.

Mr. SMITH of Connecticut: Committee on Military Affairs. H. R. 9448. A bill for the relief of Charles G. Bostwick; without amendment (Rept. No. 2567). Referred to the Committee of the Whole House.

Mr. FADDIS: Committee on Military Affairs. H. R. 8055. A bill for the relief of Helry P. McCaig; with amendment (Rept. No. 2571). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 10730. A bill for the relief of Ziskind Sokolow; with amendment (Rept. No. 2572). Referred to the Committee of the Whole House.

Mr. SIMPSON: Committee on Immigration and Naturalization. H. R. 7294. A bill for the relief of Bartholemew Harrington; without amendment (Rept. No. 2573). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. S. 3063. An act for the relief of Maria Bartolo; without amendment (Rept. No. 2574). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PATRICK: A bill (H. R. 10813) authorizing and providing for the dredging and lighting of the channel known as Perdido Bay Pass leading from Perdido Bay, Ala., to the Gulf of Mexico, and also the channel leading from Perdido Bay Pass through the Bay Orinoco to the junction with the intercoastal waterway near the end of Bear Point, Ala.; to the Committee on Rivers and Harbors.

By Mr. CLAYPOOL: A bill (H. R. 10814) to extend the provisions of the World War Adjusted Compensation Act to certain veterans; to the Committee on Ways and Means.

By Mr. LESINSKI: A bill (H. R. 10815) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. COFFEE of Nebraska: A bill (H. R. 10816) to regulate interstate and foreign commerce in seeds; to require labeling, and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes; to the Committee on Agriculture.

By Mr. HEALEY: A bill (H. R. 10817) to provide for a medal to be known as the Marine Medal, and for other purposes; to the Committee on Naval Affairs.

By Mr. STEFAN: A bill (H. R. 10818) to amend the act authorizing the construction of a bridge at South Sioux City, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. WITHROW: Resolution (H. Res. 517) authorizing the District of Columbia Committee of the House of Representatives to investigate all organizations and individuals adjusting claims for property damage; to the Committee on Rules.

By Mr. TOLAN: Joint resolution (H. J. Res. 704) to provide for the coinage of a medal in commemoration of the achievements of Amelia Earhart Putnam; to authorize the President to present said medal to Amy Otis Earhart, mother of Amelia Earhart Putnam, and for other purposes; to the Committee on Coinage, Weights, and Measures.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MICHENER: A bill (H. R. 10819) granting an increase of pension to Ellen Jondro; to the Committee on Invalid Pensions.

By Mrs. ROGERS of Massachusetts: A bill (H. R. 10820) for the relief of Albert Pina Afonso, a minor; to the Committee on Claims.

By Mr. SMITH of West Virginia: A bill (H. R. 10821) for the relief of Kyle Blair; to the Committee on Claims.

By Mr. VOORHIS: A bill (H. R. 10822) for the relief of A. J. Samis; to the Committee on Immigration and Naturalization.

By Mr. WALTER: A bill (H. R. 10823) to confer jurisdiction upon the United States District Court for the Middle District of Pennsylvania, to determine the claim of Mrs. A. A. Beltz; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5289. By Mr. BOEHNE: Petition of Louis C. Lasher and 1,116 others, of Perry County, Ind., favoring the restoration of the power to Congress of the right to coin money and regulate the value thereof; to the Committee on Banking and Currency.

5290. By Mr. KENNEDY of New York: Petition of the Rochester Diocesan Council of the National Council of

Catholic Women, numbering over 20,000 women, urging support of the Neely bill (S. 153); to the Committee on Interstate and Foreign Commerce.

5291. Also, petition of the City Council of the City of New York, petitioning consideration of their resolution G. O. 34 (Res. No. 49) with reference to Home Owners' Loan Corporation Act; to the Committee on Banking and Currency.

5292. Also, petition of the National Congress of Parents and Teachers, Washington, D. C., concerning the Neely bill (S. 153); to the Committee on Interstate and Foreign Commerce.

5293. Also, petition of the Allied States Association of Motion Picture Exhibitors, Washington, D. C., concerning Senate bill 153, to prevent the compulsory block-booking and blind selling of motion pictures; to the Committee on Interstate and Foreign Commerce.

5294. Also, petition of the Fifth Estate Club, New York City, concerning Senate bills 4042 and 4043, pertaining to World War provisional officers; to the Committee on Military Affairs.

5295. By Mr. MERRITT: Resolution of the Queens County Committee of the American Legion, requesting that all immigration to these United States be reduced by 90 percent of existing quotas; to the Committee on Immigration and Naturalization.

5296. Also, resolution of the Queens County Committee of the American Legion, requesting that immediate legislative steps be taken to terminate for all time all Government relief or other assistance now being granted to alien residents of the United States; to the Committee on the Judiciary.

5297. Also, resolution of the Queens County Committee of the American Legion, requesting that any honorably discharged veteran who served in the armed forces of the United States during a war shall be eligible for employment by the Works Progress Administration and Public Works Administration regardless of his home-relief status, provided that the Veterans' Service officer having jurisdiction shall after investigation certify to the proper authorities that the applicant is in need of such employment; to the Committee on World War Veterans' Legislation.

5298. By the SPEAKER: Petition of G. L. Brinkmann, Washington, D. C., and others petitioning consideration of their petition with reference to House bill 8431 entitled "The Federal Workweek Act"; to the Committee on the Civil Service.

SENATE

FRIDAY, JUNE 3, 1938

(Legislative day of Wednesday, April 20, 1938)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 2, 1938, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, as we are engaged in the consideration of a very important measure, I trust Senators will spend more of their time on the floor, and I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Borah	Caraway	Gerry
Andrews	Brown, Mich.	Chavez	Gibson
Ashurst	Brown, N. H.	Connally	Green
Austin	Bulkeley	Copeland	Guffey
Bailey	Bulow	Davis	Hale
Bankhead	Burke	Dieterich	Harrison
Barkley	Byrd	Ellender	Hatch
Bilbo	Byrnes	Frazier	Hayden
Bone	Capper	George	Herring

Hill
Hitchcock
Holt
Hughes
Johnson, Calif.
Johnson, Colo.
King
La Follette
Lee
Lewis
Lodge
Logan

Lonergan
Lundeen
McAdoo
McCarran
McGill
McKellar
McNary
Maloney
Miller
Milton
Minton
Murray

Neely
Norris
O'Mahoney
Overton
Pepper
Pittman
Pope
Radcliffe
Russell
Schwartz
Schwellenbach
Sheppard

Shipstead
Smith
Thomas, Utah
Townsend
Truman
Tydings
Vandenberg
Van Nuys
Wagner
Walsh
Wheeler
White

Mr. LEWIS. I announce that the Senator from Oregon [Mr. REAMES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Missouri [Mr. CLARK], the Senator from Ohio [Mr. DONAHEY], the Senator from Wisconsin [Mr. DUFFY], the Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from New Jersey [Mr. SMATHERS], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Oklahoma [Mr. THOMAS] are detained on important public business.

I ask that this announcement be recorded for the day.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of the death of his wife.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

DEATH OF FORMER SENATOR MARION BUTLER

Mr. BAILEY. Mr. President, it is my painful duty to inform the Senate of the death in this city this morning of the Honorable Marion Butler, a Senator from the State of North Carolina in the period from March 4, 1895, to March 3, 1901. His career here was distinguished. It was particularly distinguished by reason of the great contribution he made in the establishment of the rural free delivery, now enjoyed throughout the country.

REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (S. 3337) to amend section 2 of the act entitled "An act to temporarily increase the commissioned and warrant and enlisted strength of the Navy and Marine Corps, and for other purposes," approved May 22, 1917, as amended, to increase the authorized percentage of privates, first class, in the Marine Corps from 25 to 50 percent of the whole number of privates, reported it with amendments and submitted a report (No. 1963) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3339. A bill for the relief of Lt. (Jr. Gr.) Svend J. Skou, United States Navy, retired (Rept. No. 1964);

S. 4070. A bill to authorize the attendance of the Marine Band at the United Confederate Veterans' 1938 Reunion at Columbia, S. C., from August 30 to September 2, 1938, both dates inclusive (Rept. No. 1965); and

H. R. 9965. An bill to provide for civilian naval training, and for other purposes (Rept. No. 1966).

Mr. NEELY, from the Committee on the Judiciary, to which was referred the bill (S. 2811) to amend the Judicial Code by adding thereto a new section, to be numbered 659 (1), relating to the certification, authentication, and use in evidence of documents of record or on file in public offices in the State of Vatican City, reported it without amendment and submitted a report (No. 1967) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 4126) to amend the act authorizing the construction of a bridge at South Sioux City, Nebr., reported it without amendment and submitted a report (No. 1968) thereon.

JOINT COMMITTEE ON FORESTRY

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the concurrent resolution (S. Con. Res. 31) to establish a Joint Committee on Forestry,